

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012
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AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012
GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE

ALDERMEN/COUNCILLORS

| | | |
|-----------------|---|----|
| Konza, N. | <i>Executive Mayor</i> | |
| Janda, S. | <i>Speaker</i> | |
| Mtintsilana, S. | <i>Chief Whip</i> | |
| Papu, M. | <i>Corporate Services</i> <i>Human Resources & Administration Standing Committee Chairperson</i> | PR |
| Madikane, E. | <i>Community Safety</i> | PR |
| Memani, M. | <i>Local Economic Development</i> <i>Development & Planning Standing Committee Chairperson</i> | PR |
| Finca, P. | <i>Land and Housing</i> | PR |
| Genu, S. | <i>Strategic Planning & IDP</i> | PR |
| Jacobs, L.E.V. | <i>Budget & Treasury</i> | PR |
| Bikitsha, M. | <i>Water & Sanitation</i> <i>Infrastructure Standing Committee Chairperson</i> | PR |
| Melitafa, B. | <i>Engineering and Infrastructure</i> | PR |
| Billie, P. | <i>Health & Protection</i> <i>Community Services Standing Committee Chairperson</i> | PR |
| Kubukeli, T. | <i>Community Liaison & Participation</i> | PR |

GRADING AND JURISDICTION OF THE DISTRICT MUNICIPALITY

Grade 6

- Integrated development planning for the district municipality as a whole including a framework for all municipalities in the area
- Potable water supply systems
- Domestic waste-water and sewage disposal systems
- Solid waste disposal sites, in so far as it relates to:
determining a waste disposal strategy
regulation of waste disposal
- Municipal Health services
- Fire fighting services serving the area
- Promotion of local tourism for the area
- The receipt and allocation of grants

The Amathole District Municipality is located in the mid-section of the Eastern Cape Province along the coastline of the Indian Ocean, encompassing the former homeland areas of the Ciskei and Transkei, as well as the former Cape Provincial Administration areas.

The Amathole District Municipality's demarcated area is made up of seven (7) local municipalities namely:

- Amahlathi Municipality;
- Nxuba municipality;
- Nkonkobe Municipality;
- Ngqushwa Municipality;
- Great Kei Municipality;
- Mquma Municipality; and
- Mbhashe Municipality

**AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012
GENERAL INFORMATION**

AUDITORS

Auditor - General

BANKERS

Standard Bank -East London
ABSA Bank, East London

REGISTERED OFFICE

40 Cambridge Street PO Box 320
East London East London
5200

Telephone : 043 701 4000
Fax : 043 742 0337
Email address: joelenel@amathole.gov.za

MUNICIPAL MANAGER

Magwangqana, C

CHIEF FINANCIAL OFFICER

Zote, Y

LEGISLATION

The ADM complies with the following:
Municipal Finance Management Act 56 of 2003,
Municipal Demarcation Act 27 of 1998
Municipal Structures Act 117 of 1998,
Laws Amendment Act 51 of 2002
Constitution of the Republic of South Africa Act No.108 as amended,
Municipal Systems Act 32 of 2000,
Water Services Act,
Basic Conditions of Employment Act 75 of 1997,
Labour relations Act 66 of 1995,
Remuneration of Public Office Bearers Act 20 of 1998,
Division of Revenue Act
Housing Act 107 of 1997,
Local government transitions Act 209 of 1993,
Local government transitions Act Second Amendment Act 97 of 1996,
Local government: Municipal Planning and Performance Management Regulations 2001,
Local government: Municipal Performance Regulations for Municipal Managers and managers directly accountable to Municipal Managers 2006,
Supply Chain Management Regulations 2005,
Value Added Tax Act 89 of 1991, and
Unemployment Insurance Act 30 of 1966

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012
MEMBERS OF THE AMATHOLE DISTRICT MUNICIPALITY

| COUNCILLOR/ ALDERMAN | WARD | COUNCILLOR/ ALDERMAN | WARD |
|---------------------------------|------------------|---------------------------------|------------------|
| Baleni, X. | <i>Mbhashe</i> | Mgidlana, N. | <i>PR</i> |
| Bangani, L. | <i>Great Kei</i> | Mkosana, N. | <i>Amahlathi</i> |
| Benya, N. | <i>Mbhashe</i> | Mkosana, V. | <i>PR</i> |
| Bikitssha, M. | <i>PR</i> | Mpande, Q. | <i>Mnquma</i> |
| Billie, P. | <i>PR</i> | Mtintsilana, S. | <i>PR</i> |
| Duna, W. | <i>PR</i> | Mvakwendlu, A. | <i>PR</i> |
| Dwanya, T. | <i>Nkonkobe</i> | Ndabazonke, N. | <i>Ngqushwa</i> |
| Dyani, N. | <i>Great Kei</i> | Ngqongolo, G. | <i>Mnquma</i> |
| Dyani, T. | <i>Mnquma</i> | Nkukuma, N. | <i>Amahlathi</i> |
| Finca, P. | <i>PR</i> | Nonjaca, N. | <i>Mbhashe</i> |
| Genu, S. | <i>PR</i> | Nyalambisa, N. | <i>PR</i> |
| Jacobs, L. | <i>PR</i> | Papu, M. | <i>PR</i> |
| Jali, S. | <i>Ngqushwa</i> | Plaatjie, N. | <i>Mnquma</i> |
| Janda, S. | <i>PR</i> | Qaba, P. | <i>Amahlathi</i> |
| Jikwana, R. | <i>Mnquma</i> | Rawana, M. | <i>Nkonkobe</i> |
| Kabane, Z. | <i>PR</i> | Roji, X. | <i>Amahlathi</i> |
| Konza, N. | <i>PR</i> | Rulashe, N. | <i>Nkonkobe</i> |
| Kubukeli, T. | <i>PR</i> | Sigcawu, B. | <i>Mbhashe</i> |
| Macakela, S. | <i>Nkonkobe</i> | Sinyongo, L. | <i>Nkonkobe</i> |
| Madikane, E. | <i>PR</i> | Siwisa, M. | <i>Ngqushwa</i> |
| Magatya, N. | <i>Mbhashe</i> | Solontsi, Z. | <i>Mnquma</i> |
| Malgas, E. | <i>PR</i> | Tetyana, M. | <i>Mbhashe</i> |
| Maloni, Q. | <i>Nxuba</i> | Tyala, M. | <i>Mnquma</i> |
| Melitafa, B. | <i>PR</i> | Tunyiswa, M. | <i>Mnquma</i> |
| Memani, M. | <i>PR</i> | Ward, W. | <i>PR</i> |
| Mfecane, N. | <i>Mbhashe</i> | | |

EXECUTIVE MAYOR

Konza, N.

SPEAKER

Janda, S.

APPROVAL OF THE FINANCIAL STATEMENTS

The annual financial statements were approved by the Municipal Manager

on _____ .

MUNICIPAL MANAGER

Magwangqana, C

CHIEF FINANCIAL OFFICER

Zote, Y

**AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012
DIRECTORS OF ASPIRE**

| DIRECTOR | Date appointed/terminated |
|---|---------------------------|
| Mr. SN Kondlo Chairperson | Terminated in March 2012 |
| Ms. P Xuza Chief Executive Officer | |
| Ms. NEP Loyilane | Reappointed in March 2012 |
| Dr. P Mafuya | Terminated in March 2012 |
| Mr. P Majeke | Terminated in March 2012 |
| Mr. L Ntshinga | Terminated in March 2012 |
| Dr. V Mkhosana | Appointed in March 2012 |
| Mr. S Mpambani | Appointed in March 2012 |
| Mr. A Qunta | Appointed in March 2012 |
| Ms. S Madala | Appointed in March 2012 |
| Mr. S Mabandla | Appointed in March 2012 |
| MMV attorneys were appointed as the Company secretary during the 2012 financial year for a period of two years. | |

**AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Approval of the consolidated annual financial statements

I am responsible for the preparation of these consolidated annual financial statements, which are set out on pages 5 to 10(32) in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager: C. Magwangqana

Date

FOREWORD TO THE ANNUAL FINANCIAL STATEMENTS BY THE EXECUTIVE MAYOR – CLR NOMASIKIZI KONZA

Within the first few months of my tenure I had to sign a performance agreement with the Honourable MEC for Local Government and Traditional where I committed towards a clean and good governance of the Amathole District Municipality.

When the Auditor General, Mr Phila Nombembe visited our district together with Provincial Auditor General Mr Singa Ngqwala; I made further commitments towards the functionality of the Audit Committee and the Performance Audit Committee.

Together with the Council Speaker and Chairperson of MPAC, we committed towards our political monitoring and oversight roles aiming to maintain the unqualified report by avoiding regress and delivering a Obtaining an unqualified audit opinion for 2010/2011 after qualified audits for three prior consecutive years plus receiving a Vuna Award for the most improved audit outcome takes a lot of hard work.

However, there are two areas that remain of great concern in these achievements. Firstly, the opinion is not without findings. And secondly, most disturbingly, is that out of the seven local Municipalities under our jurisdiction, only one seems to be making evident strides.

We have produced a Metropolitan City in Buffalo City Metropolitan Municipality and we are more than determined to create another Metro in the local Municipalities that are within our District.

We will continue thus to offer our support positioned ourselves as a trusted advisor, stimulator and partner in the regional good governance environment. The good governance summit is just but one mechanism so that the next AG road shows do not reveal a gloomy picture similar to the recent one.

Between 2009 and 2011, the Eastern Cape experienced an economic growth trend similar to that of the rest of the country.

However, compared with the severity of the economic recession elsewhere in the world, the Gross Domestic Product (GDP) figures show that over this period the real decline in GDP in the Eastern Cape was less severe than estimated.

Figures released by Statistics South Africa in the fourth quarter indicate that unemployment in the country has decreased from 25% to 23.9% as a result of new jobs created, and that during 2011, a total of 365 000 people were employed.

For the Eastern Cape, the level of unemployment decreased from 29.9% to 27.1%, which, needless to say, is still high.

In Amathole District, in particular, more than half of the population is still categorized as poor in the second-largest economy in the Province.

In order for us to confront poverty head on and succeed, there needs to be a paradigm shift in how we move forward as an institution. If this is to be the year of action, then we must act now and act decisively.

Unemployment and its accompanying poverty characteristics are dominant and unacceptably high at almost 50% of the district population still in poverty in 2010.

The government is the biggest employer contributing to 42 % of all jobs of the total number of 94 808 people employed in ADM in this period. This represented about 10 % of all the jobs in the Eastern Cape. Trade is the next best performing sector creating 18% of jobs in the district.

In line with the Provincial and our own Growth and Development Strategy, we cannot continue and operate normally when Agriculture - which should be a key driver in a rural economy like ADM - only contributes 3 percent to the Gross Domestic Product (GDP).

It is based on this that we have decided to take a bold political step to make Economic Development a key sector by making available from the ADM reserves an amount not exceeding R30 million to fund agricultural and tourism projects.

Part of this includes putting more resources in the MPAC, which will include the Chairperson of MPAC as a full time councillor.

Corruption levels both in government continue to hinder the sterling work and all the endeavours that seek to bring change in this country and thus it is vital the monitoring and oversight role be strengthened in financial management.

Our Supply Chain Management (SCM) Policy seeks to promote an innovative form of targeted procurement, which will encourage socio-economic transformation within its region. This policy seeks to continue to redress the skewed distribution of wealth.

During the 2010/2011 financial year, Capital Projects over R1m were allocated to Historically Disadvantaged Individual (HDI) owned companies is 85.14% which is well above the 55% target.

In terms of those that are less than R1 million allocated to HDI owned companies, the target is set at 70% and we achieved 95.96%. For non-Capital Projects, the target is set at 60% and we achieved 83.49%.

Council's overall performance stands at 88.11% of projects allocated to HDI owned companies. The target There is a decrease of 0.76% in the fourth quarter as compared to the previous quarter. Council awarded projects to a total value of over R409 million. From this amount, 18.83% was awarded to female owned An amount of over R261 million was allocated to HDI owned companies. Of the remaining, over R48 million was allocated to non-HDI owned companies and R99 million was for specialised service.

Through our SCM Policy our Job Creation statistics reflect that as at the end of the 2010/2011 financial year, 1 114 jobs were created of which 266 were woman, 361 male, 485 youths and 2 people with disabilities.

During the past 10 years the Amathole District Municipality has awarded a total number of 2 696 projects.

Our Asset Management Strategy and roll-out Plan is in place. The ADM Asset Refurbishment Plan is at R267 million over 5 years.

We have lots of challenges in bringing clean drinking water to our communities – including topography and bad roads.

Very importantly, there is a huge funding deficit of R1.1 billion to meet the National Water Services eradication target by 2014.

This is despite the fact that we have been having 100 percent spending of Municipal Infrastructure Grant funds of our Water and Sanitation projects in the previous financial years.

Our grant dependency plus a huge indigent population remain one of our biggest challenges and as a result, ever since ADM took over the provision of water and Sanitation Services, the principle approach behind the calculation of tariffs levied was the "Affordability Principle" as the tariffs were not cost reflective.

Throughout the years since 2006 ADM has been subsidising through its Reserves the provision of water and sanitation as a result of the above approach. Because we were not receiving any counter funding from neither DWA nor National Treasury those Reserves have since shrunk throughout the years.

ADM took a decision that in order for it to be able to be able to provide clean and healthy sustainable water and sanitation services it needs to strike a balance between the two principles: "Affordability and Cost Recovery principles".

We will however continue to set mechanism and systems of sound, principled and accountable governance that is performance driven and is based on accountability.

I have no doubt that through its gains and by government's prioritisation of Education, Health, Job Creation and Rural Development - this country and in essence, our beloved District is in capable leadership.

History has a way of judging our actions. As we are today to look back on the actions and paths chosen by our forefathers, one day future generations will look back at what we did today.

Councillor Nomasikizi Konza
Executive Mayor
Amathole District Municipality

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

[illegible]

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012

| MUNICIPALITY | | | | GROUP | |
|--|---------------|---|-------|---------------|---------------|
| Actuals | | | | Actuals | |
| 2011/12 | Restated | | Notes | 2011/12 | Restated |
| R | 2010/11 | | | R | 2010/11 |
| | R | | | | R |
| REVENUE | | | | | |
| 172 646 918 | 121 760 098 | Service charges | 17 | 172 646 918 | 121 760 098 |
| 311 445 | 268 692 | Rental of facilities and equipment | 20 | 311 445 | 268 692 |
| 871 357 500 | 795 608 177 | Government grants and subsidies | 18 | 950 873 951 | 855 052 700 |
| 48 481 648 | 47 198 864 | Other income | 19 | 48 996 936 | 47 644 293 |
| 37 946 670 | 40 141 439 | Interest earned - external investments | 30 | 38 978 492 | 40 989 608 |
| 27 186 952 | 22 839 169 | Interest earned - outstanding receivables | 31 | 27 186 952 | 22 839 169 |
| 1 900 | 81 517 | Bad debts recovered | | 1 900 | 81 517 |
| 1 157 933 033 | 1 027 897 956 | Total Revenue | | 1 238 996 594 | 1 088 636 077 |
| EXPENSES | | | | | |
| 312 630 431 | 248 388 545 | Employee related costs | 23 | 320 203 563 | 253 824 173 |
| 10 538 434 | 11 306 546 | Remuneration of councillors and directors | 24 | 10 884 641 | 11 512 992 |
| 106 663 740 | 91 900 931 | Bad debts | 32 | 106 663 740 | 91 900 931 |
| 2 443 484 | 1 476 868 | Collection costs | | 2 443 484 | 1 476 868 |
| 88 673 610 | 76 608 463 | Depreciation and amortisation | 21 | 88 856 232 | 76 713 247 |
| 13 811 913 | 7 876 117 | Repairs and maintenance | | 13 817 975 | 7 943 033 |
| 114 991 | 194 142 | Finance costs | 33 | 419 058 | 724 550 |
| 254 297 | 1 966 983 | Grants and subsidies paid | 27 | 82 836 940 | 62 462 186 |
| 406 417 741 | 392 927 079 | General expenses | 22 | 397 708 241 | 384 100 709 |
| 941 548 642 | 832 645 675 | Total Expenses | | 1 023 833 875 | 890 658 689 |
| 216 384 391 | 195 252 281 | OPERATING SURPLUS | | 215 162 719 | 197 977 387 |
| 996 830 | 321 175 | Gain on disposal of assets | 21 | 1 032 846 | 319 127 |
| 217 381 220 | 195 573 455 | SURPLUS FOR THE YEAR | | 216 195 565 | 198 296 513 |
| - | - | Less: Taxation | 28 | (85 364) | (207 040) |
| 217 381 220 | 195 573 455 | | | 216 110 201 | 198 089 474 |
| Refer to Appendix E (1) for explanation of variances | | | | | |

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2012

| | Notes | Revaluation Reserve | Accumulated Surplus | Total |
|--|-------|---------------------|----------------------|----------------------|
| <i>Balance at 1 July 2010</i> | | | | |
| Opening balance as previously reported | 39.1 | 18 665 018 | 2 911 877 538 | 2 930 542 556 |
| Correction of error | | - | 5 077 297 | 5 077 297 |
| Balance at 1 July 2010 as restated | | 18 665 018 | 2 916 954 835 | 2 935 619 853 |
| Surplus for the year | | - | 195 573 455 | 195 573 455 |
| <i>Balance at 30 June 2011</i> | | 18 665 018 | 3 112 528 290 | 3 131 193 308 |
| <i>Opening balance 1 July 2011</i> | | 18 665 018 | 3 112 528 290 | 3 131 193 308 |
| Surplus for the year | | - | 217 381 220 | 217 381 220 |
| | | - | 217 381 220 | 217 381 220 |
| <i>Balance at 30 June 2012</i> | | 18 665 018 | 3 329 909 510 | 3 348 574 528 |

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS: GROUP
FOR THE YEAR ENDED 30 JUNE 2012

| | Notes | Revaluation Reserve | Accumulated Surplus | Total |
|--|-------|---------------------|----------------------|----------------------|
| <i>Balance at 1 July 2010</i> | | | | |
| Opening balance as previously reported | 39.1 | 18 665 018 | 2 915 792 212 | 2 934 457 230 |
| Correction of error | | - | 5 077 297 | 5 077 297 |
| Balance at 1 July 2010 as restated | | 18 665 018 | 2 920 869 509 | 2 939 534 527 |
| Surplus for the year | | - | 198 089 474 | 198 089 474 |
| <i>Balance at 30 June 2011</i> | | 18 665 018 | 3 118 958 983 | 3 137 624 001 |
| <i>Opening balance 1 July 2011</i> | | 18 665 018 | 3 118 958 983 | 3 137 624 001 |
| Surplus on the revaluation of property | | - | - | - |
| Surplus for the year | | - | 216 110 201 | 216 110 201 |
| | | - | 216 110 201 | 216 110 201 |
| <i>Balance at 30 June 2012</i> | | 18 665 018 | 3 335 069 184 | 3 353 734 202 |

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

| | Notes | 2011/12 R | 2010/11 R |
|---|--------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | 1 060 907 552 | 926 742 426 |
| Sales of goods and services | | 27 445 067 | 24 347 999 |
| Grants | | 923 229 662 | 792 156 264 |
| Interest received | 30, 31 | 65 133 622 | 62 980 608 |
| Other receipts | | 45 099 200 | 47 257 554 |
| Payments | | (652 126 499) | (660 510 985) |
| Employee costs | | (292 370 592) | (251 292 352) |
| Suppliers | | (359 386 619) | (407 057 507) |
| Interest paid | 33 | (114 991) | (194 142) |
| Other payments | | (254 297) | (1 966 983) |
| Net cash flows from operating activities | 34 | 408 781 053 | 266 231 440 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (350 669 441) | (479 762 168) |
| Proceeds on disposal of property, plant and equipment | | 1 517 501 | 221 690 889 |
| Increase in long term receivables | | (39 606) | (115 358) |
| Increase/(decrease) in financial assets | | (4 919 521) | 3 276 769 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | (354 111 068) | (254 909 867) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Finance lease payments | | (270 897) | 425 296 |
| Proceeds from consumer deposits | | 173 071 | 201 074 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | (97 825) | 626 370 |
| NET CASH FLOW | | 54 572 160 | 11 947 943 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 54 572 160 | 11 947 943 |
| Cash and cash equivalents at the beginning of year | | 291 721 116 | 279 773 173 |
| Cash and cash equivalents at end of the year | 10 | 346 293 276 | 291 721 116 |

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CASH FLOW STATEMENT- GROUP
FOR THE YEAR ENDED 30 JUNE 2012

| | Notes | 2011/12 R | 2010/11 R |
|---|--------|----------------------|----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts | | 1 158 264 167 | 995 101 697 |
| Sales of goods and services | | 27 445 067 | 24 347 999 |
| Grants | | 1 014 260 089 | 861 971 842 |
| Interest received | 30, 31 | 66 165 444 | 63 828 777 |
| Other receipts | | 50 393 567 | 44 953 080 |
| Payments | | (734 242 112) | (715 262 921) |
| Employee costs | | (300 309 312) | (256 861 135) |
| Suppliers | | (350 483 086) | (395 008 010) |
| Interest paid | 33 | (419 058) | (724 550) |
| Other payments | | (82 836 940) | (62 462 186) |
| Taxation paid | | (193 716) | (207 040) |
| Cash generated from operations | 34 | 424 022 054 | 279 838 776 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (350 829 962) | (479 805 776) |
| Proceeds on disposal of property, plant and equipment | | 1 561 359 | 218 842 957 |
| Decrease in long term receivables | | (39 606) | (115 358) |
| Purchase of financial assets | | (4 919 521) | 3 276 769 |
| NET CASH FROM INVESTING ACTIVITIES | | (354 227 731) | (257 801 407) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Finance lease payments | | (270 897) | 425 296 |
| Increase in long term loan | | - | - |
| Proceeds from consumer deposits | | 173 071 | 201 074 |
| NET CASH FROM FINANCING ACTIVITIES | | (97 826) | 626 370 |
| NET CASH FLOW | | 69 696 498 | 22 663 740 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 69 696 498 | 22 663 741 |
| Cash and cash equivalents at the beginning of year | | 314 914 287 | 292 250 546 |
| Cash and cash equivalents at the end of year | 10 | 384 610 785 | 314 914 287 |

**AMATHOLE DISTRICT MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012
ACCOUNTING POLICIES**

1. BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except as required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the municipality's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have a significant effect on the amounts recognised in the financial statements:

Operating lease commitments -Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties and thus accounts for them as operating leases.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per debtor type.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Infrastructure assets

The determination of the fair value of the water infrastructure assets is based upon assumptions and professional judgement applied by consulting engineers using best engineering practice and industry norms and standards.

The following assumptions have been made in the compilation of the low data confidence infrastructure asset register:

- The construction year is estimated using sources in the following order of precedence: available technical records, interviewing of operations staff, comparison with adjacent infrastructure. When the date of acquisition is not known and the construction year is estimated, the acquisition date is assumed to be on the 1st day of January in the year of construction.
- The consumption of The benefits of infrastructure assets are predominantly uniform over the life of the assets. The depreciation is therefore assumed to be straight line for all infrastructure assets.
- The residual value of all civil infrastructure assets is negligible as there is no open market for the materials used in civil infrastructure and the realizable value is very small. The scrap value of mechanical and electrical plant is also negligible.
- The Remaining Useful Life was estimated using a combination of visual inspection and information on asset performance provided by operations staff. For hidden assets, such as pipes, the assessment is based on the age of the pipes and information on performance from the operations staff.

Water stock

The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the network reticulation capacity at year end. Existing drought conditions have also been taken into consideration.

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The water stock on hand has been estimated using engineering best practice and industry norms and standards.

Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material.

Held-to-maturity financial assets

Management has reviewed the held-to-maturity financial assets in light of its capital management and liquidity requirements and has confirmed the positive intention and ability to hold these assets to maturity.

1.3. CONSOLIDATED FINANCIAL STATEMENTS

The municipality's financial statements incorporate the financial statements of the parent entity, Amathole District Municipality, and its municipal entity, Amathole Economic Development Agency t/a ASPIRE, presented as a single entity and consolidated at the same reporting date as the parent entity.

All inter-entity transactions and balances, unrealised gains and losses within the economic entity are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the Municipality.

1.4. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

The amounts in the annual financial statements are rounded to the nearest rand.

1.5. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis for a period of no less than 12 months.

1.6. COMPARATIVE INFORMATION

Current year comparatives (budget)

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements.

In addition a note has been added to the annual financial statements, for the current financial year only.

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified and restated. The nature and reason for the reclassification and restatement are disclosed in the Notes to the Financial Statements. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new GRAP standards were issued but are not yet effective for the year ended 30 June 2012 and are presented below:

| No. | Title of Standard | Impact on financial statements |
|----------|---|---|
| GRAP 18 | Segment Reporting | No segment reporting required for 2011/12 reporting period |
| GRAP 21 | Impairment of Non-cash generating assets | Effective date from 1 April 2012. |
| GRAP 23 | Revenue from non-exchange transactions (taxes and transfers) | Effective date from 1 April 2012. Continue to apply GAMAP 9 |
| GRAP 24 | Presentation of budget information | Effective date from 1 April 2012. Use GRAP 1 |
| GRAP 25 | Employee benefits | Not required for 2011/12 reporting period. IAS 19 used for 2011/12 reporting period |
| GRAP 26 | Impairment of cash generating assets | Full compliance not required. IAS 36 applied to formulate an accounting policy |
| GRAP 103 | Heritage assets | Not applicable for the 2011/12 financial year |
| GRAP 104 | Financial instruments | Not required for 2009/10 reporting period. IAS 32, IAS 39, IFRS 7 used for 2011/12 reporting period |
| GRAP 105 | Transfer of functions between entities under common control | Apply IFRS3 Business Combinations if this were applicable |
| GRAP 106 | Transfer of functions between entities not under common control | Not applicable for the 2011/12 financial year |
| GRAP 107 | Mergers | Not applicable for the 2011/12 financial year |

All the above standards, where applicable, will be complied with in the financial statements once the effective date has been set. Preliminary investigations indicated that the impact of the standards on the financial statements will be minimal.

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except for additional disclosures.

Where a Standard of GRAP is approved as effective, it replaces the equivalent Statement of IPSAS, IFRS or SA GAAP. Where a standard of GRAP has been issued, but not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

1.8. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standards, and are consistent with the accounting policies adopted by the Council for the preparation of these annual financial statements. The amounts are scheduled as a separate note to the annual financial statements, called comparison with the budget

The annual budget figures included in the annual financial statements are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP)

2. RESERVES

The municipality maintains reserves in terms of specific requirements.

2.1 REVALUATION RESERVE

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve.

The re-valued assets are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on re-valued amounts, are credited or charged to the Statement of Financial Performance.

The surplus arising from the revaluation of land and buildings is credited directly to equity in the revaluation reserve. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to equity in the revaluation reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation on re-valued buildings is charged to surplus or deficit. On the subsequent sale or retirement of a re-valued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated surplus/(deficit).

3. PROPERTY, PLANT AND EQUIPMENT

3.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

3.3 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

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Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

3.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

| Infrastructure | Months | Other | Months |
|-----------------------|---------------|------------------------------------|---------------|
| Roads and Paving | 120 - 360 | Buildings | 360 |
| Pedestrian Malls | 240 - 360 | Specialist vehicles | 36 - 240 |
| Electricity | 240 - 360 | Other vehicles | 60 |
| Water | 60 - 360 | Office equipment | 36 - 84 |
| Sewerage | 180 - 240 | Furniture and fittings | 84 - 120 |
| | | Bins and containers | 60 - 120 |
| Community | | Specialised plant and equipment | 60 - 180 |
| Buildings | 360 | Other items of plant and equipment | 24 - 60 |
| Facilities | 240 | Quarries | 360 |
| Security | 36 - 60 | Emergency equipment | 60 - 180 |
| Halls | 360 | Computer equipment | 36 - 60 |
| Libraries | 360 | | |
| Parks and gardens | 360 | | |
| Finance lease assets | | | |
| Office equipment | 36 - 60 | | |

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3.6 INFRASTRUCTURE ASSETS

The determination of the fair value of water infrastructure assets is based upon assumptions and professional judgments applied by consulting engineers using the best engineering practice and industry norms and standards.

The following assumptions have been made in the compilation if the infrastructure asset register

Three construction years is estimated using sources in the following order of precedence: available, technical recording interviewing of operational staff and comparison with adjacent infrastructure. When the date of acquisition is not known and the construction year is estimated, the acquisition date is assumed to be on the first of 1st day of January in the year of construction.

The consumption of the benefits of infrastructure assets are predominately uniform over the life of the assets.

The depreciation is therefore assumed to be on straight line for all infrastructure assets.

The residual value of civil infrastructure assets is negligible as there is no open market for material used in civil infrastructure and the realisable value is very small. The scrap value of mechanical and electrical plant is also negligible.

To calculate the asset value at 1 July 2006, the current replacement cost at 30 June 2011 was indexed back using SA Building and construction Index. The last 12 months index figures were not available from the Department of Trade and Industry, so the Service Providers index tracking published on its internal website was used to update the indices.

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The remaining useful life was estimated using a combination of visual inspection and information on asset performance provided by operations staff. For hidden assets, such as pipes, the assessment is based on the age of the pipes and information on performance from operations staff.

4. INTANGIBLE ASSETS

4.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but is subject to an annual impairment test. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Residual value of intangible assets is estimated to be nil.

4.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of finite intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software 3 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Amortisation shall commence when the asset is available for intended use.

Amortisation of the asset begins when the development is complete and the asset is available for use.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. The municipality does not hold any intangibles with indefinite useful lives.

4.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5. INVESTMENT PROPERTY

5.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Investment property is initially recognised when future benefits are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the

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definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

5.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The annual depreciation rates are based on the following estimated average asset lives:

| | |
|---------------------|----------|
| Investment property | 30 years |
|---------------------|----------|

5.3 Investment property includes land held with an undetermined use. This land is recognised at fair value on the date of recognition.

5.4 DERECOGNITION

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up shall be recognised in surplus or deficit when the compensation becomes receivable.

6. NON-CURRENT ASSETS HELD FOR SALE

6.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

6.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount or fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

7. INVENTORIES

7.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

7.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

7.2.1 Housing development inventory is measured at cost on the first-in, first-out basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs. The carrying amount of these inventories held for distribution is recognised as an expense when beneficiaries take occupation of the houses. Housing development funding received is recognised as revenue and expenditure on the Statement of Financial Performance. to the extent that the Municipality has complied with any of the criteria, obligations or conditions of the grant.

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- 7.2.2 The cost of water purchased and own water not yet sold in the Statement of financial position comprises the purchase price, import duties, and other taxes and transport, handling and other costs attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase. The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the water reticulation network capacity at year end.

8. FINANCIAL INSTRUMENTS

The municipality initially classifies financial instruments, on initial recognition as a financial asset or financial liability in accordance with the substance of the contractual arrangement.

8.1 INITIAL RECOGNITION

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the municipality becomes party to the contractual provisions of the instrument.

The municipality does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

8.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

FINANCIAL ASSETS

The municipality classifies its financial assets according to the following categories:

- Financial Assets at Fair Value through Profit or Loss
- Held-to-Maturity Investments
- Loans and Receivables
- Available for Sale

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Financial assets at fair value through profit or loss are financial assets that are classified as held for trading, where the municipality has acquired the financial asset principally for the purpose of selling it in the near future. They are subsequently measured at fair value at Statement of Financial Position date. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the municipality has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Available for Sale financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position, except for investments in equity instruments that do not have a quoted market price in an active market and for which fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

FINANCIAL LIABILITIES

The municipality measures all financial liabilities, including trade and other payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings and other non-current liabilities. Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis

8.2.1 INVESTMENTS

Financial assets, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-

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term deposits invested in registered commercial banks, are categorised as held-to-maturity and are measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

8.2.2 TRADE AND OTHER RECEIVABLES

Trade receivables are categorised as financial assets; loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest less repayments and impairments.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the necessary dedicated authority.

Impairments are determined by discounting expected future cash flows to their present value.

Amounts receivable within 12 months from the date of reporting are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance. Interest is charged on overdue amounts.

8.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Finance costs are accounted for using the effective interest rate method.

8.2.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash with banks and other short-term highly liquid investments that are readily convertible into known amounts of cash, that are held with registered banking institutions and are subject to an insignificant risk of change in value. Where term deposits exceed three months, it is classified under another class of financial instrument, depending on the nature.

These are initially and subsequently recorded at fair value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

8.2.5 LOANS TO MUNICIPALITIES, MUNICIPAL ENTITIES AND EMPLOYEES

These financial assets are categorised as loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost.

Amortised cost refers to the initial carrying amount, plus interest less repayments and impairments.

8.3 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, the right to receive cash flows have been retained but an obligation to pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

9. INVESTMENT IN SUBSIDIARIES

Subsidiaries are all controlled entities over which the municipality has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities.

Controlled entities are fully consolidated from the date on which control is transferred to the Municipality, and are carried at cost.

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

The municipality commences accounting for an investment in a subsidiary from the date that control exists and discontinues the application when it no longer has control over the subsidiary.

10. LEASES

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A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

10.1 FINANCE LEASES - LESSEE

Finance leases are initially recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lesser is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate over the remaining balance of the liability.

Leases are classified as finance leases if the following situations in accordance with paragraphs 12 and 13 of GRAP 13 individually or in combination occur:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications;
- if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
- gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (for example, in the form of a rent rebate equalling most of the sales proceeds at the end of the lease); and
- the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

10.2 OPERATING LEASES - LESSOR

Operating lease income is recognised as an rental income on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income from leases is disclosed under revenue in the Statement of Financial Performance, on a straight line basis over the term of the lease.

10.3 OPERATING LEASES - LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset or liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

11. PROVISIONS

Provisions are recognised when:

- the municipality has a present or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

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- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur.

Gains from the expected disposal of assets are not taken into account in measuring a provision.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

12. EMPLOYMENT BENEFITS

12.1 SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

12.2 RETIREMENT BENEFIT PLANS

The municipality provides retirement benefits for its employees and councillors.

Defined Contribution plans are post-employment benefit plans, under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined Benefit plans are post-employment plans other than Defined Contribution plans. The Defined Benefit funds, which are administered on a provincial basis are actuarially valued tri-annually by means of projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

12.2.1 DEFINED CONTRIBUTION PLANS

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

12.2.2 DEFINED BENEFIT PLANS

For defined benefit pension and post retirement medical plans, full actuarial valuations are carried out for each financial year using the projected unit credit method.

Actuarial gains and losses, which can arise from differences between the expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the Statement of financial performance. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating surplus.

The expected return on plan assets and the expected increase during the period in the present value of plan liabilities are included in investment income and interest expense.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

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The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

12.2.3 MEDICAL AID: CONTINUED MEMBERS

The municipality provides post retirement benefits by subsidising the medical aid contributions of certain retired staff.

According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such a medical aid fund, in which case the member is liable for 40% of the medical aid membership fee, and the municipality for the remaining 60%.

The actuarial gain or loss is recognised in the Statement of Financial Performance.

13. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, net of indirect taxes, rebates and trade discounts, and consists primarily of grants from National and Provincial Government, service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the municipality; the municipality retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold; the amount can be measured reliably; and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue arising from the application of the approved tariff charges is recognised when the relevant and these benefits can be service is rendered by applying the relevant authorised tariff.

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered, the value of which approximates the consideration received or receivable.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the statement of financial position date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable services provided in the normal course of business, net of value added tax.

An estimate for revenue is raised for manual billing and for the period between the last meter reading and the financial year end.

13.1.1 SERVICES

Service income is recognised on an invoice basis. Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by Council and are levied monthly.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. The adjustments are recognised as revenue in the invoicing period.

Revenue arising from consumption of water and sanitation in the month of June is fully accounted for whether invoiced or not.

Revenue arising from fire services is based on set basic tariffs.

13.1.2 INTEREST

Interest are recognised in the Statement of Financial Performance on a time proportionate basis, which takes into account the effective yield on the investment.

13.1.3 RENTALS

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

13.1.4 AGENCY SERVICES

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Income from agency services is recognised once such income has been received in accordance with a service level agreement.

13.1.5 SALE OF GOODS

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the company;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a liability is recognised.

Revenue from sponsorships is recognised once the sponsorship can be measured reliably and confirmation has been received that the sponsorship will be paid.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is probable.

13.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria, conditions and obligations embodied in the agreement. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional and funds are invested until utilised.

Grants without any conditions attached are recognised as revenue when the asset is recognised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

14. CONDITIONAL GRANTS AND RECEIPTS

Government grants and other grants are recognised as revenue when:

- (a) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- (b) the amount of the revenue can be measured reliably, and
- (c) to the extent that there has been compliance with any restrictions associated with the grant

Income received from conditional grants, donations and subsidies are recognised to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds invested until it is utilised.

Interest earned on the investment is treated in accordance with the grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

15. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash generating assets.

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The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset in order to determine the extent of the impairment loss (if any).

Irrespective of whether there is any indication of impairment, the municipality also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

16. VALUE ADDED TAX

The municipality accounts for value added tax on the payments basis.

17. TAXATION

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/ (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax is recognised as income or an expense and included in surplus or deficit for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside surplus or deficit, directly in equity, or a business combination.

18. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

19. COMMITMENTS

A commitment is the municipality's intention to commit to an outflow of its resources embodying economic benefits. The municipality is committed under obligations for goods and services, which have been contracted for on or before the reporting date, but not yet received or completed at year end. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Approved and contracted commitments represent expenditure that has been approved and the contract has been awarded at the reporting date.

20. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and

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expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003) Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003) the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

22. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

23. RELATED PARTY TRANSACTIONS

The municipality has a related party relationship with its subsidiary Amathole Economic Development Agency (PTY) Ltd t/a ASPIRE. Subsidiaries are entities controlled by the municipality. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the municipality controls the other entity. Subsidiaries are consolidated from the date that effective control is transferred to the municipality and are no longer consolidated from the date the effective control ceases. Related party transactions are conducted on an arms length basis with terms comparable to transactions with third parties.

23 POST BALANCE SHEET EVENTS

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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1. PROPERTY, PLANT AND EQUIPMENT

1.1. Reconciliation of Carrying Value
MUNICIPALITY

| | Land | Buildings | Infrastructure | Community | Other Assets | Finance lease Assets |
|------------------------------------|------------------|-------------------|----------------------|------------------|---------------------|----------------------|
| | R | R | R | R | R | R |
| As at 1 July 2011 | 4 570 962 | 21 396 580 | 2 471 733 371 | 7 274 288 | 45 505 886 | 305 297 |
| Cost | 1 386 107 | 8 790 048 | 2 783 807 576 | 8 543 332 | 86 572 001 | 3 231 221 |
| Revaluation | 3 184 855 | 15 495 027 | - | - | - | - |
| Correction of error | - | - | - | - | - | - |
| Accumulated depreciation | - | (2 888 495) | (312 074 204) | (1 269 044) | (41 066 115) | (2 925 924) |
| Acquisitions | - | 83 253 | 117 741 950 | - | 29 101 787 | 247 234 |
| Capital under Construction | - | 2 445 000 | 201 247 365 | - | - | - |
| Transfer In / (Out) | - | - | - | - | 49 481 | - |
| Increases/decreases in revaluation | - | - | - | - | - | - |
| Depreciation | - | (17 106) | (74 395 817) | (197 505) | (14 005 636) | (40 304) |
| based on cost | - | (17 106) | (74 395 817) | (197 505) | (14 005 636) | (40 304) |
| based on revaluation | - | - | - | - | - | - |
| Carrying value of disposals | - | - | - | - | (520 671) | - |
| Cost/revaluation | - | - | - | - | (2 053 239) | - |
| Accumulated depreciation | - | - | - | - | 1 532 568 | - |
| Carrying values | 4 570 962 | 23 907 727 | 2 716 326 869 | 7 076 783 | 60 130 847 | 264 993 |
| As at 30 June 2012 | 4 570 962 | 23 907 727 | 2 716 326 869 | 7 076 783 | 60 130 847 | 264 993 |
| Cost | 1 386 107 | 11 318 301 | 3 102 796 891 | 8 543 332 | 113 670 030 | 3 231 221 |
| Revaluation | 3 184 855 | 15 495 027 | - | - | - | - |
| Accumulated depreciation | - | (2 905 601) | (386 470 021) | (1 466 549) | (53 539 183) | (2 966 228) |
| Cost | - | (2 905 601) | (386 470 021) | (1 466 549) | (53 539 183) | (2 966 228) |
| Revaluation | - | - | - | - | - | - |

| Total |
|----------------------|
| R |
| 2 550 786 384 |
| 2 892 330 285 |
| 18 679 882 |
| - |
| (360 223 782) |
| 147 174 224 |
| 203 692 365 |
| 49 481 |
| - |
| (88 656 368) |
| (88 656 368) |
| - |
| (520 671) |
| (2 053 239) |
| 1 532 568 |
| 2 812 278 181 |
| 3 240 945 882 |
| 18 679 882 |
| (447 347 583) |
| (447 347 583) |
| - |

| | Land | Buildings | Infrastructure | Community | Other Assets | Finance Lease Assets |
|------------------------------------|------------------|-------------------|----------------------|------------------|--------------------|----------------------|
| | R | R | R | R | R | R |
| Carrying values | 4 491 820 | 21 741 494 | 2 317 201 061 | 4 746 683 | 28 806 520 | 305 297 |
| As at 1 July 2010 | 4 491 820 | 21 741 494 | 2 317 201 061 | 4 746 683 | 28 806 520 | 305 297 |
| Cost | 22 587 050 | 8 700 526 | 1 430 804 384 | 5 834 648 | 55 943 505 | 3 231 221 |
| Revaluation | 3 184 855 | 15 143 674 | - | - | - | - |
| Correction of error | (21 280 085) | 351 353 | 1 131 442 901 | (75 054) | 5 644 300 | - |
| Transfers in/(out) | - | - | - | - | - | - |
| Accumulated depreciation | - | (2 454 059) | (245 046 224) | (1 087 965) | (32 781 285) | (2 925 924) |
| Acquisition | - | - | 229 673 522 | - | 25 744 618 | - |
| Capital under construction | - | - | 221 560 290 | 2 783 738 | - | - |
| Transfers in/(out) | 79 142 | 89 522 | (229 673 521) | - | (760 422) | - |
| Increases/decreases in revaluation | - | - | - | - | - | - |
| Depreciation | - | (434 437) | (67 027 980) | (181 079) | (8 284 829) | - |
| based on cost | - | (434 437) | (67 027 980) | (181 079) | (8 284 829) | - |
| based on revaluation | - | - | - | - | - | - |
| Carrying value of disposals | - | - | - | - | - | - |
| Cost/revaluation | - | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - | - |
| Impairment losses | - | - | - | - | - | - |
| Carrying values | 4 570 962 | 21 396 580 | 2 471 733 371 | 7 274 288 | 45 505 886 | 305 297 |
| As at 30 June 2011 | 4 570 962 | 21 396 580 | 2 471 733 371 | 7 274 288 | 45 505 886 | 305 297 |
| Cost | 1 386 107 | 8 790 048 | 2 783 807 576 | 8 543 332 | 86 572 001 | 3 231 221 |
| Revaluation | 3 184 855 | 15 495 027 | - | - | - | - |
| Accumulated depreciation | - | (2 888 495) | (312 074 204) | (1 269 044) | (41 066 115) | (2 925 924) |
| Cost | - | (2 888 495) | (312 074 204) | (1 269 044) | (41 066 115) | (2 925 924) |
| Revaluation | - | - | - | - | - | - |

| Total |
|----------------------|
| R |
| 2 377 217 821 |
| 1 527 101 334 |
| 18 328 529 |
| 1 116 083 415 |
| - |
| (284 295 457) |
| 255 418 140 |
| 224 344 028 |
| (230 265 279) |
| - |
| (75 928 325) |
| (75 928 325) |
| - |
| - |
| - |
| - |
| - |
| 2 550 786 384 |
| 2 892 330 285 |
| 18 679 882 |
| (360 223 783) |
| (360 223 783) |
| - |

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1.2. Reconciliation of Carrying Value
GROUP

| | Land | Buildings | Infrastructure | Community | Other Assets | Finance Lease Assets |
|------------------------------------|------------------|-------------------|----------------------|------------------|---------------------|----------------------|
| | R | R | R | R | R | R |
| As at 1 July 2011 | 4 570 962 | 21 396 579 | 2 471 733 373 | 7 274 288 | 45 945 485 | 305 297 |
| Cost | 1 386 107 | 8 790 048 | 2 783 807 577 | 8 618 386 | 87 284 281 | 3 231 221 |
| Revaluation | 3 184 855 | 15 495 027 | - | (75 054) | - | - |
| Correction of error | - | - | - | - | - | - |
| Accumulated depreciation | - | (2 888 496) | (312 074 204) | (1 269 044) | (41 338 796) | (2 925 924) |
| Acquisitions | - | 83253 | 117 741 950 | - | 29 197 570 | 247 234 |
| Capital under Construction | - | 2 445 000 | 201 247 365 | - | - | - |
| Transfer In / (Out) | - | - | - | - | 49 481 | - |
| Increases/decreases in revaluation | - | - | - | - | - | - |
| Depreciation | - | (17 106) | (74 395 817) | (197 505) | (14 131 320) | (40 304) |
| based on cost | - | (17 106) | (74 395 817) | (197 505) | (14 131 320) | (40 304) |
| based on revaluation | - | - | - | - | - | - |
| Carrying value of disposals | - | - | - | - | (528 513) | - |
| Cost/revaluation | - | - | - | - | (2 114 921) | - |
| Accumulated depreciation | - | - | - | - | 1 586 408 | - |
| Carrying values | - | - | - | - | - | - |
| As at 30 June 2012 | 4 570 962 | 23 907 726 | 2 716 326 871 | 7 076 783 | 60 532 703 | 264 993 |
| Cost | 1 386 107 | 11 318 301 | 3 102 796 892 | 8 618 386 | 114 416 411 | 3 231 221 |
| Revaluation | 3 184 855 | 15 495 027 | - | (75 054) | - | - |
| Accumulated depreciation | - | (2 905 602) | (386 470 021) | (1 466 549) | (53 883 708) | (2 966 228) |
| Cost | - | (2 905 602) | (386 470 021) | (1 466 549) | (53 883 708) | (2 966 228) |
| Revaluation | - | - | - | - | - | - |

| |
|----------------------|
| Total |
| R |
| 2 551 225 984 |
| 2 893 117 620 |
| 18 604 828 |
| - |
| (360 496 464) |
| 147 270 007 |
| 203 692 365 |
| 49 481 |
| - |
| (88 782 052) |
| (88 741 748) |
| - |
| (528 513) |
| (2 114 921) |
| 1 586 408 |
| - |
| 2 812 680 038 |
| 3 241 767 318 |
| 18 604 828 |
| (447 692 108) |
| (447 692 108) |
| - |

| | Land | Buildings | Infrastructure | Community | Other Assets | Finance Lease Assets |
|------------------------------------|------------------|-------------------|----------------------|------------------|--------------------|----------------------|
| | R | R | R | R | R | R |
| Carrying values | | | | | | |
| As at 1 July 2010 | 4 491 820 | 21 741 495 | 2 317 201 062 | 4 671 629 | 28 982 078 | 305 297 |
| Cost | 22 587 050 | 8 700 526 | 1 430 804 384 | 5 834 648 | 56 446 035 | 3 231 221 |
| Revaluation | 3 184 855 | 15 143 674 | - | (75 054) | - | - |
| Correction of error | (21 280 085) | 351 353 | 1 131 442 901 | - | 5 644 300 | - |
| Accumulated depreciation | - | (2 454 059) | (245 046 224) | (1 087 965) | (33 108 257) | (2 925 924) |
| Acquisition | - | - | 229 673 522 | 2 783 738 | 26 194 297 | - |
| Capital under construction | - | - | 221 560 290 | 2 783 738 | - | - |
| Transfers in/(out) | 79 142 | 89 522 | (229 673 521) | - | (760 422) | - |
| Increases/decreases in revaluation | - | - | - | - | - | - |
| Depreciation | - | (434 437) | (67 027 980) | (181 079) | (8 230 539) | - |
| based on cost | - | (434 437) | (67 027 980) | (181 079) | (8 230 539) | - |
| based on revaluation | - | - | - | - | - | - |
| Carrying value of disposals | - | - | - | - | 239 929 | - |
| Cost/revaluation | - | - | - | - | 239 929 | - |
| Accumulated depreciation | - | - | - | - | - | - |
| Impairment losses | - | - | - | - | - | - |
| Carrying values | - | - | - | - | - | - |
| As at 30 June 2011 | 4 570 962 | 21 396 580 | 2 471 733 373 | 7 274 288 | 45 945 485 | 305 297 |
| Cost | 1 386 107 | 8 790 048 | 2 783 807 576 | 8 618 386 | 87 284 281 | 3 231 221 |
| Revaluation | 3 184 855 | 15 495 027 | - | (75 054) | - | - |
| Accumulated depreciation | - | (2 888 496) | (312 074 204) | (1 269 044) | (41 338 796) | (2 925 924) |
| Cost | - | (2 888 496) | (312 074 204) | (1 269 044) | (41 338 796) | (2 925 924) |
| Revaluation | - | - | - | - | - | - |

| |
|----------------------|
| Total |
| R |
| 2 377 393 379 |
| 1 527 603 864 |
| 18 253 475 |
| 1 116 158 469 |
| (284 622 429) |
| 258 651 557 |
| 224 344 028 |
| (230 265 279) |
| - |
| (75 874 035) |
| (75 874 035) |
| - |
| 239 929 |
| 239 929 |
| - |
| - |
| 2 551 225 984 |
| 2 893 117 619 |
| 18 604 828 |
| (360 496 462) |
| (360 496 462) |
| - |

No restriction on title exists on any assets held.
No assets were pledged as security during the year under review.

Refer to Appendix B for more detail on property, plant and equipment

Infrastructure Assets

During the 2010/11 financial year, consulting engineers were appointed to undertake a new identification, verification, revaluation and condition assessment project which would encompass high, medium and low data confidence schemes. All confidence schemes are recognised at deemed cost for all works up to and including 30 June 2006 and actual costs for work done thereafter. Deemed cost was determined using depreciated replacement cost method. All infrastructure has been componentised to the lowest significant part and depreciated separately.

1.3 Reconciliation of capital under construction (work in progress)

Costs incurred on the construction of municipal assets included in infrastructure, plant and equipment. Depreciation only commences once the asset is ready for its intended use.
An analysis is as follows:

| | 2011/12 R | 2010/11 R |
|----------------------------------|--------------------|--------------------|
| Balance at beginning of the year | 511 355 713 | 621 717 030 |
| Restatement | - | (105 031 824) |
| Additions | 315 004 722 | 224 344 028 |
| Transfer out for capitalisation | (375 117 889) | (229 673 521) |
| Balance at end of year | 451 242 547 | 511 355 713 |

1.4 Details of valuations
Land and Buildings

Land and buildings are re-valued independently every 3 -5 years.
All land and buildings have been revalued during the 2009/10 financial year.
The effective date of the revaluation was December 2009. The revaluation was performed by

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The valuation was performed using depreciated replacement values

Refer to Appendix B for more detail on property, plant and equipment

1.5 Breakdown - Other assets - MUNICIPALITY

| Asset type | Cost/Revaluation | | | | Accumulated Depreciation | | | | Carrying Value |
|---------------------------|------------------|------------|-----------|-----------------|--------------------------|------------|-----------|-----------------|-------------------|
| | Opening balance | Additions | Disposals | Closing balance | Opening balance | Additions | Disposals | Closing balance | |
| Total Other Assets | 89 803 223 | 25 920 056 | 2 053 240 | 113 670 039 | (43 992 038) | 11 079 714 | 1 532 568 | (53 539 184) | 60 130 855 |
| Office Equipment | 14 839 719 | 4 320 735 | 1 054 353 | 18 106 101 | (10 968 594) | 2 299 152 | 1 045 493 | (12 222 253) | 5 883 848 |
| Furniture and fittings | 3 458 108 | 1 592 597 | 85 185 | 4 965 520 | (2 693 476) | 80 253 | 81 241 | (2 692 468) | 2 273 032 |
| Plant and Equipment | 10 446 312 | 478 712 | - | 10 925 024 | (6 583 674) | 1 123 344 | - | (7 707 018) | 3 218 006 |
| Motor vehicles | 61 059 084 | 19 528 012 | 913 702 | 79 673 394 | (23 746 294) | 7 576 965 | 405 834 | (30 917 425) | 48 755 969 |

1.5 Breakdown - Other assets - GROUP

| Asset type | Cost/Revaluation | | | | Accumulated Depreciation | | | | Carrying Value |
|---------------------------|------------------|------------|-----------|-----------------|--------------------------|------------|-----------|-----------------|-------------------|
| | Opening balance | Additions | Disposals | Closing balance | Opening balance | Additions | Disposals | Closing balance | |
| Total Other Assets | 90 515 502 | 26 015 839 | 2 114 922 | 114 416 419 | (44 264 717) | 11 205 398 | 1 586 408 | (53 883 707) | 60 532 712 |
| Office Equipment | 15 203 839 | 4 364 582 | 1 076 142 | 18 492 279 | (11 171 671) | 2 374 808 | 1 062 628 | (12 483 851) | 6 008 428 |
| Furniture and fittings | 3 906 267 | 1 644 533 | 125 078 | 5 325 722 | (2 763 078) | 130 281 | 117 946 | (2 775 413) | 2 550 309 |
| Plant and Equipment | 10 446 312 | 478 712 | - | 10 925 024 | (6 583 674) | 1 123 344 | - | (7 707 018) | 3 218 006 |
| Motor vehicles | 61 059 084 | 19 528 012 | 913 702 | 79 673 394 | (23 746 294) | 7 576 965 | 405 834 | (30 917 425) | 48 755 969 |

1.6 Capitalised expenditure

| MUNICIPALITY | | | GROUP | |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2011/12 R | 2010/11 R | | 2011/12 R | 2010/11 R |
| 117 741 950 | 125 140 091 | Infrastructure | 117 741 950 | 125 140 091 |
| 83 253 | - | Land and Buildings | 83 253 | - |
| - | 2 783 738 | Community | - | 2 783 738 |
| 29 101 787 | 26 300 677 | Other | 29 197 570 | 26 750 356 |
| 146 926 990 | 154 224 506 | | 147 022 773 | 154 674 185 |

1.7 Compensation received for losses on property, plant and equipment – included in operating surplus

| MUNICIPALITY | | | GROUP | |
|--------------|--------------|---|--------------|--------------|
| 2011/12 R | 2010/11 R | | 2011/12 R | 2010/11 R |
| 996 830 | 321 175 | Property, plant and equipment compensation received | 1 040 639 | 408 846 |

2. Investment Property

2.1. Reconciliation of Carrying Value

Carrying amount at beginning of year
Cost
Correction of error
Accumulated depreciation and impairment losses

Recognition/derecognition
Impairment
Depreciation
Transfer from owner-occupied property

Carrying amount at end of year
Cost
Accumulated depreciation and impairment losses

| <u>Land and buildings</u> | <u>Land and buildings</u> |
|---------------------------|---------------------------|
| R | R |
| 64 804 410 | 36 766 646 |
| 69 180 030 | 22 723 390 |
| - | 14 225 466 |
| (4 375 620) | (182 210) |
| - | 32 399 838 |
| - | (4 177 332) |
| - | (16 078) |
| - | (168 664) |
| 64 804 410 | 64 804 410 |
| 69 180 030 | 69 180 030 |
| (4 375 620) | (4 375 620) |

2.2 Investment property pledged as security

There were no properties pledged as security

Fair value of investment property carried at cost:

The municipality applies the cost model to recognize its investment properties
Owner-occupied properties have been transferred to investment property at fair value.
Market valuations were performed by an independent valuer, Mr. Mark Sanan, Professional Associated Valuer, of Messrs Kula Valuation Services are not connected to the entity and have recent experience in location and category of the investment property being valued.
Effective date of valuation December 2009.
The fair value of the investment property was determined based on current prices in an active market for similar property in the same location and condition. Although these are investment properties there were no leases attached to these properties as ownership of these properties was confirmed in the current financial year.

3. Intangible Assets

| 3. Intangible Assets | | MUNICIPALITY | | | | | |
|--|-----------|--------------|--------------------------|----------------|-------------|--------------------------|----------------|
| | | 2012 | | | 2011 | | |
| | | R | | | R | | |
| | | Cost | Accumulated Amortisation | Carrying value | Cost | Accumulated Amortisation | Carrying value |
| Computer software - Application software | 2 032 368 | (2 031 966) | 402 | 2 031 763 | (2 014 724) | 17 039 | |
| License fees | 59 604 | (59 604) | - | 59 604 | (59 604) | - | |
| Total | 2 091 972 | (2 091 570) | 402 | 2 091 367 | (2 074 328) | 17 039 | |

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Computer software - Application software
License fees
Total

| GROUP | | | | | |
|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
| 2012 | | | 2011 | | |
| R | | | R | | |
| Cost | Accumulated Amortisation | Carrying value | Cost | Accumulated Amortisation | Carrying value |
| 2 256 355 | (2 097 771) | 158 584 | 2 191 012 | (2 023 590) | 167 422 |
| 59 604 | (59 604) | - | 59 604 | (59 604) | - |
| 2 315 959 | (2 157 375) | 158 584 | 2 250 616 | (2 083 194) | 167 422 |

3.1. Reconciliation of intangible assets - 2012

Computer software - Application software

| Opening carrying amount R | Additions R | Correction of error R | Disposals R | Amortisation R | Total R |
|------------------------------|----------------|--------------------------|----------------|-------------------|------------|
| 17 039 | 605 | - | - | (17 242) | 402 |
| 17 039 | 605 | - | - | (17 242) | 402 |

3.2 Reconciliation of intangible assets - 2011

Computer software - Application software

| Opening carrying amount R | Additions R | Correction of error R | Disposals R | Amortisation R | Total R |
|------------------------------|----------------|--------------------------|----------------|-------------------|---------------|
| 263 097 | - | 2 904 | - | (248 962) | 17 039 |
| 263 097 | - | 2 904 | - | (248 962) | 17 039 |

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| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| 1 000 | 1 000 |
| <u>1 000</u> | <u>1 000</u> |
| 1 000 | 1 000 |
| <u>1 000</u> | <u>1 000</u> |
| 1 000 | 1 000 |
| <u>100%</u> | <u>100%</u> |

4. INVESTMENTS

4.1. Investment in subsidiary

Investments in Municipal Entity - cost

Total

Council's valuation of unlisted Investments

Investments in Municipal Entities

Investments in Municipal Entities

Amathole Economic Development Agency (Pty) Ltd t/a ASPIRE

Issued Share Capital (1000 ordinary shares of R1,00 each)

Percentage owned by Council

The Amathole Economic Development Agency was established 1 September 2005

Place of Incorporation: South Africa

Principal Activity: To promote local economic development in the Amathole Municipal District Area.

No financial benefit accrues to the Agency or the District Municipality.

Refer note 38

4.2 Financial assets - Investments

Held to maturity financial assets

The following fixed deposit accounts have been classified as held to maturity financial assets in accordance with IAS 39: Financial Instruments.

Maturity periods are fixed and range between 3 - 12 months. Average rate of return on investments 5.98% (**2011: 5.88%**).

In accordance with the Municipality's risk management policy deposits are only made with major banks with quality credit standing and limits exposure to any one counter party.

The Municipal Structures Act, Act 117 of 1998, requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

No investments were written off during the year.

| GROUP | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| <u>-</u> | <u>-</u> |
| - | - |
| <u>-</u> | <u>-</u> |
| - | - |
| <u>-</u> | <u>-</u> |

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| MUNICIPALITY | |
|--------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| 471 109 428 | 466 189 906 |
| <u>471 109 428</u> | <u>466 189 906</u> |

| | |
|--------------------|--------------------|
| 7 045 452 | 7 182 312 |
| 10 060 568 | 10 245 178 |
| 10 238 685 | 10 037 808 |
| 13 334 759 | 13 076 932 |
| 11 307 005 | 11 083 871 |
| 11 305 167 | 11 082 048 |
| 10 323 288 | 10 127 151 |
| 10 287 938 | 10 095 774 |
| 10 016 027 | 10 255 411 |
| 12 097 841 | 12 056 712 |
| 13 446 630 | 13 064 644 |
| 10 400 912 | 10 049 726 |
| 10 008 055 | 10 048 493 |
| 10 286 438 | 10 049 315 |
| 10 287 452 | 10 049 315 |
| 7 229 339 | 7 034 521 |
| 10 288 411 | 10 049 315 |
| 10 286 027 | 10 049 315 |
| 13 460 179 | 13 076 301 |
| 10 132 997 | 10 036 767 |
| 12 424 780 | 12 070 432 |
| 15 412 356 | 15 125 441 |
| 10 353 984 | 10 058 693 |
| 10 271 836 | 10 251 616 |
| 12 422 867 | 12 192 329 |
| 10 006 323 | 10 247 890 |
| 10 281 260 | 10 095 774 |
| 10 594 178 | 10 259 932 |
| 8 064 175 | 8 212 060 |
| 12 436 586 | 12 206 482 |
| 12 310 290 | 12 071 770 |
| 12 072 378 | 12 291 123 |
| 8 329 616 | 8 183 107 |
| 10 283 644 | 10 085 671 |
| 10 027 247 | 10 125 014 |
| 12 336 460 | 12 114 986 |
| 12 094 258 | 12 319 496 |
| 12 146 400 | 12 306 493 |
| 12 490 060 | 12 262 126 |
| 10 409 589 | 10 126 082 |
| 14 109 967 | 14 366 244 |
| 10 254 301 | 10 059 178 |
| 10 133 699 | 10 039 068 |
| - | 367 989 |
| <u>471 109 428</u> | <u>466 189 906</u> |

| MUNICIPALITY | |
|----------------|----------------|
| 2011/12 | 2010/11 |
| R | R |
| 690 955 | 649 660 |
| 17 176 | 18 865 |
| 708 131 | 668 525 |
| 6 893 | 6 625 |
| <u>6 893</u> | <u>6 625</u> |
| <u>701 238</u> | <u>661 900</u> |

| MUNICIPALITY | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 588 321 | 748 052 |
| 1 317 294 | 1 890 258 |
| 11 071 220 | 8 055 488 |
| 208 302 | 368 833 |
| <u>13 185 138</u> | <u>11 062 631</u> |

The value of the financial assets disclosed in the above note have not been disclosed as cash and cash equivalents due to its maturity period of 3 months or more as at Statement of Financial Position date.

Call investment deposits
Total: Call Investment Deposits

Call Investment Deposits

| Institution | Account No |
|---------------------------|----------------------|
| STANDARD | 449720 |
| BANK | 449859 |
| | 445270 |
| | 444799 |
| | 444233 |
| | 444293 |
| | 443259 |
| | 443929 |
| | 450861 |
| INVESTEC | DBHZ12051410 |
| | DBRK11205FAF |
| | DB 917129 |
| | DBHZ12062613 |
| | DBHZ12011301 |
| | DBHZ12011101 |
| | DBRK11121300 |
| | DBHZ12011001 |
| ABSA | DBHZ12011001 |
| | 2057-092-476 |
| | 2059-800-124 |
| | 2057-067-401 |
| | 2060-488-868 |
| | 2062-856-304 |
| | 2064-823-579 |
| | 2065-364-471 |
| RAND MERCHANT BANK | 2065-585-419 |
| | VVW2109019 |
| | VVW1720005 |
| | VVW2514017 |
| | VVW1B17009 |
| | KLN2127003 |
| | VVW2525001 |
| | KLN1A10011 |
| | VVW2109021 |
| NEDBANK | KLN2614033 |
| | 03/7881714026/000136 |
| | 03/7881714026/000143 |
| | 03/7881714026/000140 |
| | 03/7881714026/000134 |
| | 03/7881714026/000133 |
| | 03/7881714026/000142 |
| | 03/7881714026/000137 |
| | 03/7881714026/000139 |
| | 03/7881714026/000117 |

5. NON-CURRENT RECEIVABLES

| | |
|---|--|
| Deposits | |
| Loans to Local Municipalities | |
| Less: Current portion transferred to current assets | |
| Loans to Local Municipalities | |
| Total | |

Non-current receivables are financial assets which are categorised as loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost.
The fair values of the loans are estimated to approximate their carrying amounts.

Loans to local municipalities

Financial assets

The loans to the local municipalities represents loans to Winterstrand and Kei Road. The loans currently attract interest at 4% per annum and are repayable over a period of 40 years. These loans will be redeemed by June 2015.

6. INVENTORY

| |
|----------------------------|
| Consumable stores: at cost |
| Housing projects |
| Water - own |
| Water - purchased |
| Total Inventory |

| GROUP | |
|--------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| 471 109 428 | 466 189 906 |
| <u>471 109 428</u> | <u>466 189 906</u> |

| | |
|--------------------|--------------------|
| 7 045 452 | 7 182 312 |
| 10 060 568 | 10 245 178 |
| 10 238 685 | 10 037 808 |
| 13 334 759 | 13 076 932 |
| 11 307 005 | 11 083 871 |
| 11 305 167 | 11 082 048 |
| 10 323 288 | 10 127 151 |
| 10 287 938 | 10 095 774 |
| 10 016 027 | 10 255 411 |
| 12 097 841 | 12 056 712 |
| 13 446 630 | 13 064 644 |
| 10 400 912 | 10 049 726 |
| 10 008 055 | 10 048 493 |
| 10 286 438 | 10 049 315 |
| 10 287 452 | 10 049 315 |
| 7 229 339 | 7 034 521 |
| 10 288 411 | 10 049 315 |
| 10 286 027 | 10 049 315 |
| 13 460 179 | 13 076 301 |
| 10 132 997 | 10 036 767 |
| 12 424 780 | 12 070 432 |
| 15 412 356 | 15 125 441 |
| 10 353 984 | 10 058 693 |
| 10 271 836 | 10 251 616 |
| 12 422 867 | 12 192 329 |
| 10 006 323 | 10 247 890 |
| 10 281 260 | 10 095 774 |
| 10 594 178 | 10 259 932 |
| 8 064 175 | 8 212 060 |
| 12 436 586 | 12 206 482 |
| 12 310 290 | 12 071 770 |
| 12 072 378 | 12 291 123 |
| 8 329 616 | 8 183 107 |
| 10 283 644 | 10 085 671 |
| 10 027 247 | 10 125 014 |
| 12 336 460 | 12 114 986 |
| 12 094 258 | 12 319 496 |
| 12 146 400 | 12 306 493 |
| 12 490 060 | 12 262 126 |
| 10 409 589 | 10 126 082 |
| 14 109 967 | 14 366 244 |
| 10 254 301 | 10 059 178 |
| 10 133 699 | 10 039 068 |
| - | 367 989 |
| <u>471 109 428</u> | <u>466 189 906</u> |

| GROUP | |
|----------------|----------------|
| 2011/12 | 2010/11 |
| R | R |
| 690 955 | 649 660 |
| 17 176 | 18 865 |
| 708 131 | 668 525 |
| 6 893 | 6 625 |
| <u>6 893</u> | <u>6 625</u> |
| <u>701 238</u> | <u>661 900</u> |

| GROUP | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 588 321 | 748 052 |
| 1 317 294 | 1 890 258 |
| 11 071 220 | 8 055 488 |
| 208 302 | 368 833 |
| <u>13 185 138</u> | <u>11 062 631</u> |

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| MUNICIPALITY | |
|--------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 102 443 053 | 63 593 498 |
| 79 314 627 | 139 877 294 |
| 70 582 846 | 114 642 539 |
| 28 819 029 | 50 976 831 |
| 178 716 501 | 305 496 664 |
| (76 273 448) | (241 903 166) |
| 102 443 054 | 63 593 498 |

| MUNICIPALITY | |
|--------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| 39 350 755 | 21 417 310 |
| 15 167 396 | 11 025 295 |
| 13 663 393 | 8 825 364 |
| 12 229 135 | 8 121 523 |
| 68 064 424 | 56 672 518 |
| 30 241 398 | 199 434 654 |
| 178 716 502 | 305 496 664 |

Summary of Debtors by Customer Classification

30 June 2012

| | |
|---|--|
| Current (0 – 30 days) | |
| 30 - 60 Days | |
| 60 - 90 Days | |
| 90 - 120 Days | |
| 120 - 330 Days | |
| + 330 Days | |
| Sub-total | |
| Less: allowance for doubtful receivables | |
| Total debtors by customer classification | |

Summary of Debtors by Customer Classification

30 June 2011

| | |
|---|--|
| Current (0 – 30 days) | |
| 30 - 60 Days | |
| 60 - 90 Days | |
| 90 - 120 Days | |
| 120 - 330 Days | |
| + 330 Days | |
| Sub-total | |
| Less: allowance for doubtful receivables | |
| Total debtors by customer classification | |

The prior year consumer debtor figure has been restated refer to note 39.1

Section 124 (1) (b) of the MFMA Disclosure

Summary of Debts due by Councillors for service charges

The following Councillors had arrear accounts outstanding for more than 90 days:

Councillor N Nonjaca
Councillor M.J Papu
Councillor TP Dwanya
Councillor NH Konza
Councillor R Jikwana

| 2011/12 | 2010/11 |
|---------------|---------------|
| R | R |
| 1 773 | 4 691 |
| 501 | - |
| 17 205 | - |
| - | 7 086 |
| - | 350 |
| 19 479 | 12 127 |

Housing Projects

The cost incurred on completed housing units that are occupied by beneficiaries has been transferred to the Statement of Financial Performance. A stock count of inventory on hand was conducted at year end and these quantities have been costed.

Water inventory

Unsold purchased water has been disclosed. Correct meter readings at the beginning and end of the financial year could not be guaranteed. Consulting engineers were thus appointed to determine the water on hand for each scheme based on the capacity of reservoirs and pipelines.

7. RECIVABLES FROM EXCHANGE TRANSACTIONS

Service debtors

Water and sanitation

- Water
- Sanitation
- Interest on arrears component

Less : Provision for doubtful debts

Total service debtors

The ageing of debtors are as follows:-

Water and sanitation

| | |
|-----------------------|--|
| Current (0 - 30 days) | |
| 30 - 60 Days | |
| 60 - 90 Days | |
| 90 - 120 Days | |
| 120 - 330 Days | |
| + 330 Days | |
| Total | |

| GROUP | |
|--------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 102 443 053 | 63 593 498 |
| 79 314 627 | 139 877 294 |
| 70 582 846 | 114 642 539 |
| 28 819 029 | 50 976 831 |
| 178 716 501 | 305 496 664 |
| (76 273 448) | (241 903 166) |
| 102 443 054 | 63 593 498 |

| GROUP | |
|--------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| 39 350 755 | 21 417 310 |
| 15 167 396 | 11 025 295 |
| 13 663 393 | 8 825 364 |
| 12 229 135 | 8 121 523 |
| 68 064 424 | 56 672 518 |
| 30 241 398 | 199 434 654 |
| 178 716 502 | 305 496 664 |

| Total | Domestic | Industrial / Commercial | National and Provincial Government |
|--------------------|--------------------|-------------------------|------------------------------------|
| R | R | R | R |
| 39 350 755 | 28 998 524 | 2 270 215 | 8 082 016 |
| 15 167 396 | 9 913 474 | 842 872 | 4 411 051 |
| 13 663 393 | 10 297 252 | 698 912 | 2 667 229 |
| 12 229 135 | 8 823 032 | 615 978 | 2 790 126 |
| 68 064 424 | 47 984 087 | 4 831 669 | 15 248 668 |
| 30 241 399 | 12 241 884 | 11 678 094 | 6 321 421 |
| 178 716 502 | 118 258 252 | 20 937 740 | 39 520 511 |
| (76 273 448) | (50 470 799) | (8 935 905) | (16 866 745) |
| 102 443 054 | 67 787 453 | 12 001 835 | 22 653 766 |

| Total | Domestic | Industrial / Commercial | National and Provincial Government |
|--------------------|--------------------|-------------------------|------------------------------------|
| R | R | R | R |
| 21 417 310 | 12 179 098 | 2 985 742 | 6 252 469 |
| 11 025 295 | 8 502 553 | 943 929 | 1 578 813 |
| 8 825 364 | 7 007 704 | 758 607 | 1 059 053 |
| 8 121 523 | 6 749 429 | 605 406 | 766 688 |
| 56 672 518 | 48 095 784 | 4 563 435 | 4 013 299 |
| 199 434 655 | 188 774 642 | 8 890 565 | 1 769 448 |
| 305 496 664 | 271 309 211 | 18 747 684 | 15 439 771 |
| (241 903 166) | (216 296 695) | (14 937 108) | (10 669 363) |
| 63 593 498 | 55 012 516 | 3 810 576 | 4 770 408 |

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| MUNICIPALITY | |
|-------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| 251 776 424 | 169 638 357 |
| 106 663 740 | 91 748 495 |
| (270 944 531) | (9 610 428) |
| - | - |
| 87 495 633 | 251 776 424 |

Reconciliation of Doubtful Debt Allowance

The municipality's trade receivables are stated after allowances for doubtful receivables based on management's assessment of the debtors' creditworthiness. An analysis of the allowance is as follows:

| |
|--|
| Balance at beginning of the year |
| Contributions to allowance |
| Doubtful debts written off against allowance |
| Reversal of allowance |
| Balance at end of year |

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments (more than 30 days overdue) are considered indicators that the consumer debtor is impaired.

Financial assets have been classified as loans and receivables

Consumer debtors are billed interest at prime plus 2% on overdue accounts and are therefore considered to be fairly valued. The doubtful debt provision has been discounted using the above-mentioned rate of prime plus two 2% at the reporting date.

| GROUP | |
|-------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| 251 776 424 | 169 638 357 |
| 106 663 740 | 91 748 495 |
| (270 944 531) | (9 610 428) |
| - | - |
| 87 495 633 | 251 776 424 |

| MUNICIPALITY | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 15 644 947 | 13 946 439 |
| 15 628 708 | 13 946 439 |
| 16 239 | - |
| - | - |
| (11 222 186) | (9 873 258) |
| 4 422 761 | 4 073 181 |

8. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| |
|--------------------------------------|
| Sundry receivables |
| Prepayments |
| Grants receivable |
| Less: allowance for doubtful debtors |
| Total other receivables |

The fair value of other receivables approximates their carrying amounts.

| GROUP | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 15 857 577 | 15 903 380 |
| 15 775 355 | 14 158 442 |
| 82 222 | - |
| - | 1 744 938 |
| (11 222 186) | (9 873 258) |
| 4 635 391 | 6 030 122 |

| MUNICIPALITY | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| - | - |
| - | - |
| 21 864 848 | 41 215 771 |
| 21 864 848 | 41 215 771 |

9. VAT

VAT payable

| GROUP | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 8 873 | 140 322 |
| 8 873 | 140 322 |
| 21 864 848 | 41 215 771 |
| 21 864 848 | 41 215 771 |

VAT is paid over to SARS only once payment is received from debtors. All VAT returns have been submitted by the due date throughout the year.

The VAT receivable comparative figure has been restated refer note 39

10. CASH AND CASH EQUIVALENTS

The cash position at financial year end was made up of the following:

| |
|----------------------------|
| Current Account |
| Call Account |
| Imprest Account |
| Plus: Outstanding deposits |
| Plus: Cancelled cheques |
| Total Cash Reserves |

| GROUP | |
|--------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| 106 296 557 | 140 113 835 |
| 278 303 358 | 174 282 434 |
| 10 870 | 10 049 |
| - | 643 968 |
| - | (136 000) |
| 384 610 785 | 314 914 287 |

SUPPLEMENTARY BANK ACCOUNT INFORMATION

CURRENT ACCOUNTS TOTAL

ABSA BANK *Closing Balance*
Opening Balance

Account No 4063093498
East London
5200

Agency
Account No 4064846723
East London
5200

STANDARD BANK *Closing Balance*
Opening Balance

Account No 081093454
East London
Main Branch

| | |
|--------------------|--------------------|
| 106 296 557 | 140 113 835 |
| 79 190 312 | 24 303 778 |
| 24 303 778 | 92 207 515 |

| | |
|-------------------|--------------------|
| 27 106 245 | 115 810 057 |
| 115 810 057 | 6 560 144 |

| MUNICIPALITY | |
|--------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| 96 081 761 | 130 687 229 |
| 250 202 515 | 160 516 918 |
| 9 000 | 9 000 |
| - | 643 968 |
| - | (136 000) |
| 346 293 276 | 291 721 116 |
| 96 081 761 | 130 687 229 |
| 68 975 516 | 14 877 172 |
| 14 877 172 | 92 207 515 |

| | |
|-------------------|--------------------|
| 27 106 245 | 115 810 057 |
| 115 810 057 | 6 560 144 |

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| 250 202 515 | 160 516 918 |
|-------------|-------------|
| 130 202 515 | 130 516 918 |
| 130 516 918 | 130 996 566 |

| | |
|-------------|------------|
| 120 000 000 | 30 000 000 |
| 30 000 000 | 50 000 000 |

| | |
|---|---|
| - | - |
| - | - |

| MUNICIPALITY | |
|----------------|------------------|
| 2011/12 R | 2010/11 R |
| 520 934 | 578 020 |
| 313 471 | 573 869 |
| - | - |
| 834 405 | 1 151 889 |
| (64 135) | (110 722) |
| 770 270 | 1 041 167 |

| | |
|----------------|------------------|
| 471 709 | 503 553 |
| 298 561 | 537 614 |
| - | - |
| 770 270 | 1 041 167 |

| | |
|----------------|------------------|
| 298 561 | 537 614 |
| 471 709 | 503 553 |
| 770 270 | 1 041 167 |

| MUNICIPALITY | |
|----------------|----------------|
| 2011/12 R | 2010/11 R |
| 471 582 | 281 579 |
| 471 582 | 281 579 |

| MUNICIPALITY | |
|--------------------|-------------------|
| 2011/12 R | 2010/11 R |
| 126 837 070 | 98 316 522 |
| - | - |
| 196 539 | 133 571 |
| 127 033 609 | 98 450 093 |

| MUNICIPALITY | |
|--------------|-------------|
| Number | Number |
| 939 | 790 |
| 511 | 67 |
| 108 | 562 |
| 1558 | 1419 |

| MUNICIPALITY | |
|--------------------|-------------------|
| 2011/12 R | 2010/11 R |
| 91 267 591 | 78 304 954 |
| 35 569 479 | 20 011 568 |
| 126 837 070 | 98 316 522 |

CALL ACCOUNTS TOTAL

Call Account Closing Balance
Opening Balance

ABSA BANK
Account No 9157439416

Call Account Closing Balance
Opening Balance

STANDARD BANK
Account No 88643816001

Call Account Closing Balance
Opening Balance

ABSA BANK LIMITED
Account No 88643816001

The bank balance is to fund the unspent conditional grants of R202 743 343 and trade creditors of R96 541 212.

11. FINANCE LEASE LIABILITY

Minimum lease payments due

-within one year
-in second to fifth year inclusive
-later than five years

less: future finance charges

Present value of minimum lease payments

Present value of minimum lease payments due

-within one year
-in second to fifth year inclusive
-later than five years

Non current liabilities

Current liabilities

It is the municipality's policy to lease certain office equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 9% (Prior Year: 9%).

All leases have fixed repayment terms with no annual escalation rate, but varies with the changes in the prime interest rate.

No arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

12. OPERATING LEASE LIABILITY

Operating lease income and expenses have been recognised on a straight line basis over the lease term.

The effect of accounting for operating leases on the straight line basis had the following effect:

Current liabilities

Operating lease accrual

13. DEFINED BENEFIT OBLIGATIONS

Provision for post employment health care benefits

13.1.1

Provision for retirement gratuity benefits

13.2.1

Provision for ex-gratia benefits

13.3.2

Total defined benefit obligations

POST EMPLOYMENT BENEFIT INFORMATION

13.1 Provision for post employment health care benefits

The Post Employment Health Care Benefit plan, of which the members are made up as follows:

- In-service (employee) members
- Continuation (retiree, widow(er) and orphan) members
- In-service (employee) non-members

Total

The liability in respect of past service has been estimated to be as follows:

- In-service members
- Continuation members

Total

| 278 303 358 | 171 872 217 |
|-------------|-------------|
| 130 202 515 | 130 516 918 |
| 130 516 918 | 130 996 566 |

| | |
|-------------|------------|
| 120 000 000 | 30 000 000 |
| 30 000 000 | 50 000 000 |

| | |
|------------|------------|
| 28 100 843 | 11 355 299 |
| 11 355 299 | 11 355 299 |

| GROUP | |
|----------------|------------------|
| 2011/12 R | 2010/11 R |
| 520 934 | 578 020 |
| 313 471 | 573 869 |
| - | - |
| 834 405 | 1 151 889 |
| (64 135) | (110 722) |
| 770 270 | 1 041 167 |

| | |
|----------------|------------------|
| 471 709 | 503 553 |
| 298 561 | 537 614 |
| - | - |
| 770 270 | 1 041 167 |

| | |
|----------------|------------------|
| 298 561 | 537 614 |
| 471 709 | 503 553 |
| 770 270 | 1 041 167 |

| GROUP | |
|----------------|----------------|
| 2011/12 R | 2010/11 R |
| 525 173 | 314 916 |
| 525 173 | 314 916 |

| GROUP | |
|--------------------|-------------------|
| 2011/12 R | 2010/11 R |
| 126 837 070 | 98 316 522 |
| - | - |
| 196 539 | 133 571 |
| 127 033 609 | 98 450 093 |

| GROUP | |
|-------------|-------------|
| Number | Number |
| 939 | 790 |
| 511 | 67 |
| 108 | 562 |
| 1558 | 1419 |

| GROUP | |
|--------------------|-------------------|
| 2011/12 R | 2010/11 R |
| 91 267 591 | 78 304 954 |
| 35 569 479 | 20 011 568 |
| 126 837 070 | 98 316 522 |

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The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed
- Fedhealth
- Medshield
- Medcover
- Resolution Health
- GEMS
- Bestmed
- Genhealth
- Spectramed

On retirement of an employee Council has post retirement obligation to contribute 60% to the medical cost of the employee.

| MUNICIPALITY | |
|--------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| - | - |
| - | - |
| 126 837 070 | 98 316 522 |
| 126 837 070 | 98 316 522 |
| - | - |
| - | - |
| - | - |
| 126 837 070 | 98 316 522 |

13.1.1 Reconciliation of assets and liabilities recognised in the balance sheet

Present value of fund obligations
Fair value of plan assets

Present value of unfunded obligations
Present Value of Obligations in excess of Plan Assets
Unrecognised past service cost
Unrecognised actuarial gains/(losses)
Unrecognised transitional liability
Net liability in Balance Sheet

The municipality has elected to recognise this full increase in this defined benefit liability immediately.

| GROUP | |
|--------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| - | - |
| - | - |
| 126 837 070 | 98 316 522 |
| 126 837 070 | 98 316 522 |
| - | - |
| - | - |
| - | - |
| 126 837 070 | 98 316 522 |

| MUNICIPALITY | |
|--------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 98 316 522 | 91 710 184 |
| 10 397 646 | 8 482 980 |
| (1 665 888) | (2 359 332) |
| 8 600 932 | 8 346 712 |
| - | - |
| 11 187 858 | (7 864 022) |
| - | - |
| 126 837 070 | 98 316 522 |

13.1.2 Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year
Current service costs
Expected benefits paid
Interest cost
Past service cost
Actuarial (gains)/losses
Contributions
Present value of fund obligation at the end of the year

| GROUP | |
|--------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 98 316 522 | 91 710 184 |
| 10 397 646 | 8 482 980 |
| (1 665 888) | (2 359 332) |
| 8 600 932 | 8 346 712 |
| - | - |
| 11 187 858 | (7 864 022) |
| - | - |
| 126 837 070 | 98 316 522 |

13.1.3 Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year
Expected return on plan assets
Contributions: employer
Contributions: employee
Past service costs
Actuarial gains/(losses)
Benefits paid
Fair value of plan assets at the end of the year

| | |
|---|---|
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

13.1.4 Trend information

Present Value of Obligations
Fair Value of Plan Assets
Present Value of Obligations in Excess of Plan Assets

| | |
|--------------------|-------------------|
| 126 837 070 | 98 316 522 |
| - | - |
| 126 837 070 | 98 316 522 |

Experience adjustments

Actuarial Gain/(Loss) before changes in Assumptions

In respect of Present Value of Obligations
In respect of Fair Value of Plan Assets

| | |
|------------|-------------|
| 11 187 858 | (7 864 022) |
| - | - |

13.1.5 Sensitivity results

The liability is particularly sensitive to the real rate of return earned i.e. the difference between the rate of discount and the rate at which medical aid contributions increase. In the table below are calculations at alternative real rates by varying the assumed rate of discount in order to demonstrate the impact on the accrued liability. The sensitivity analysis on current service and interest cost is also summarised on the below table.

Sensitivity Analysis on the Accrued Liability

| Assumption | Change | In-service R | Continuation R | Total R | Percentage change |
|---------------------------|--------|-----------------|-------------------|-------------|-------------------|
| Central assumption | | 91 268 000 | 35 569 000 | 126 837 000 | |
| | 1% | 109 203 000 | 39 180 000 | 148 383 000 | 17% |
| Health care inflation | -1% | 76 972 000 | 32 443 000 | 109 415 000 | -14% |
| Post retirement mortality | -1% | 94 095 000 | 37 085 000 | 131 180 000 | +3% |
| Average retirement age | -1% | 99 913 000 | 35 569 000 | 135 482 000 | 7% |
| Withdrawal rate | -50% | 98 378 000 | 35 569 000 | 133 947 000 | 6% |

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Sensitivity Analysis on the Current -service and Interest Cost

| Assumption | Change | Current service R | Interest Cost R | Total R | Percentage Change |
|---------------------------|--------|-------------------|-----------------|------------|-------------------|
| Central assumption | | 10 397 600 | 8 600 900 | 18 998 500 | |
| | 1% | 12 987 800 | 10 161 000 | 23 148 800 | 22% |
| Health care inflation | -1% | 8 420 800 | 7 357 000 | 15 777 800 | -17% |
| Post retirement mortality | -1% | 10 698 500 | 8 878 500 | 19 577 000 | +3% |
| Average retirement age | -1% | 11 416 700 | 9 234 700 | 20 651 400 | 9% |
| Withdrawal rate | -50% | 12 115 400 | 9 160 800 | 21 276 200 | 12% |

13.1.6 Key actuarial assumptions used

| | 2012 | 2011 |
|---------------------------------|-------|-------|
| Health Care Cost Inflation rate | 7.08% | 7.38% |
| Discount Rate | 8.12% | 8.82% |
| Net discount rate | 0.98% | 1.34% |

13.2 Provision for retirement gratuity benefits

The liability in respect of retirement gratuity for in-service employees with non-fund service are as follows:

- In-service employees

Employees of Amathole District Municipality participate in the following benefit funds:

- Cape Joint Pension Fund (defined benefit);
- Eastern Cape Group Municipal Pension Fund (defined benefit);
- South African Local Authorities Pension Fund (defined benefit)
- Government Employees Pension Fund (defined benefit);
- Cape Joint Retirement Fund (defined contribution);
- National Fund for Municipal Workers (defined contribution);
- South African Municipal Workers National Provident Fund (defined contribution).

13.2.1 Reconciliation of assets and liabilities recognised in the balance sheet

Present value of fund obligations

Fair value of plan assets

Funded status

Present value of funded obligations

Present Value of Obligations in excess of Plan Assets

Unrecognised past service cost

Unrecognised actuarial gains/(losses)

Unrecognised transitional liability

Net liability in Balance Sheet

13.2.2 Multi-employer funds

The actuaries appointed to perform the valuation on the gratuity obligation were of the opinion that the Amathole District Municipality do not have an obligation for this post-employment benefit. Hence the liability is not recognised and disclosure was made to reflect information pertaining to multi-employer funds.

The following table reflects information on the defined benefit retirement, pension and provident funds to which councillors and employees belong, and in respect of which there is not sufficient information available to make more detailed disclosures.

The Pension Funds Act requires every pension fund to complete a statutory valuation at least every three years.

Defined contribution (DC) Multi-employer plans

The table below reflects the municipality's contributions paid to the Defined Contribution plans for the year.

| Full Name of Multi - Employer Plan | Number of the Municipality's employees belonging to the plan | Amount of contributions paid by the Municipality for the year ending 30 June 2012 |
|--------------------------------------|--|---|
| Cape Retirement Fund (CRF) | 1 025 | R 35 806 485 |
| SAMWU National Provident Fund (SNPF) | 174 | R 3 494 039 |
| National Fund for Municipal Workers | 16 | R 459 927 |
| Cape Joint Pension Fund | 6 | R 334 841 |
| Eastern Cape Gratuity Fund | 2 | R 16 562 |
| Eastern Cape Municipal Pension Fund | 2 | R 77 898 |
| TOTAL | | R 40 189 753 |

Defined benefit (DB) Multi-employer plans

Sufficient information is not available in respect of these multi-employer DB plans to enable full DB accounting disclosure because:

- Plan assets are held as one portfolio and not notionally allocated to each participating employer
- Similarly, the plans' financial statements are not constructed separately for each participating employer, but rather in respect of the whole plan including all the participating employers.
- Contribution rates do not usually vary by participating employer

| MUNICIPALITY | |
|--------------|-----------|
| 2011/12 R | 2010/11 R |
| - | - |

| MUNICIPALITY | |
|--------------|-----------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

| GROUP | |
|-----------|-----------|
| 2011/12 R | 2010/11 R |
| - | - |

| GROUP | |
|-----------|-----------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

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The table below reflects the municipality's contributions to these Defined Benefit (DB) plans for the year.

| Multi - Employer Plan | Number of the Municipality's employees belonging to the plan | Total number of active members per the Plan's most recent valuation report | Amount of contributions paid by the Municipality for the year ending 30 June 2012 | Date of most recently available actuarial valuation report | Funding level |
|--------------------------------|--|--|---|--|---------------|
| GEPF | 84 | 1 235 064 | R 1 688 637 | 31/03/2010 | 100.0% |
| SALA PF | 18 | 18 068 | R 469 454 | 01/07/2011 | 98.1% |
| Cape Joint Pension Fund (CJPF) | 9 | 1 222 | R 156 592 | 30/06/2011 | 98.1% |
| TOTAL | | | R 2 314 683 | | |
| Key Assumptions | | | | | |
| Multi - Employer Plan | Gross discount rate | Salary inflation | Net post -ret discount rate | | |
| GEPF | 10.70% | 6.70% | 5.80% | | |
| SALA PF | 10.75% | 7.00% | 5.75% | | |
| Cape Joint Pension Fund (CJPF) | 9% | 6.00% | 5.52% | | |
| TOTAL | | | | | |

Further information for each plan follows below:

GEPF (Government Employees Pension Fund)

The funding level of the GEPF was 100% as at the 31 March 2010 valuation date compared with a deficit of 91.5% as at the 31 March 2009. Part of this increase in funding level is attributable to a weaker valuation basis (with respect to the economic assumptions) as at 31 March 2010. The plan is holding reserves at 19% of what would be in line with the long term funding level per the Board of Trustees adopted GEPF Funding Policy.

The basis for calculating the required future employer contribution rate has also been changed since the previous valuation by including a 5% equity risk premium. This has resulted in a lower required contribution rate comprised (for the two groups of employees) as follows:

| | Employee Category | |
|--|-------------------|----------|
| | Services | Other |
| Basic employer contribution rate required as at the valuation date: | 18.00% | 13.00% |
| Adjustment resulting from including the 5% equity risk premium: | (4.90%) | (3.80%) |
| Adjusted employer contribution rate required as at the valuation date: | 13.10% | 9.2% |
| Actual contribution rate at valuation date recommended to be maintained: | (16.00%) | (13.00%) |
| (Excess)/Shortfall between actual and required contribution rates: | (2.90%) | (3.80%) |

The valuation actuaries recommend that the employers participating in the GEPF be made aware of the following:

- The use of this equity risk premium in determining the contribution rate is a "risk budgeting exercise".
- The higher the equity risk premium, the lower the required (adjusted) contribution rates, but the higher the risk of requiring additional contributions in future should the Plan's experience be worse than assumed.

SALA PF (South African Local Authorities Pension Fund)

There is a defined contribution section in this Plan (17% of the active membership).

The deficit at the most recent actuarial valuation disclosed in the table above was calculated on a Discounted Cash Flow (DCF) basis. This deficit was lower than as at the previous valuation on 1 July 2010.

The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2011 be maintained at 19.18%. This includes a margin of 3.53% over and above the contribution rate required to fund the Projected Unit Method future service benefits and associated costs. The valuation actuary expected that the funding level would be close to 100% as at the next statutory valuation date of 1 July 2012.

CJPF (Cape Joint Pension Fund)

The funding level of the CJPF Defined Benefit section was 98.1% as at the 30 June 2011 valuation date compared with a 100% funding level as at 30 June 2010. The valuation actuary recommended a total contribution rate of 32.40% which was in excess of the 27.0% contribution rate prevailing as at 30 June 2011.

An amount of R42.5 million (2011: R32.7 million) was contributed by Council towards councillor and employee retirement funding. These contributions have been expensed

Refer note 23

The agency contributes to a Liberty Life Provident Fund. The fund is a defined contribution fund with compulsory membership for all permanent employees. Contributions commenced from 1 September 2012 and were R646 399 for the year (2011: R484 580).

13.3 Provision for ex-gratia benefits

13.3.1 Eligible employees

| | Female | Male | Total |
|------------------------------|--------|------|-------|
| Number of pensioners | 2 | 8 | 10 |
| Average Annual pension - R | 2314 | 4616 | 4155 |
| Pension-weighted average age | 72 | 81.3 | 80.3 |

13.3.2 Reconciliation of assets and liabilities recognised in the balance sheet

Total value of liabilities

Value of assets

Unfunded accrued liability

Unrecognised transitional liability

Unrecognised actuarial gain/(loss)

Unrecognised past service cost

Net liability in balance sheet

| MUNICIPALITY | |
|----------------|----------------|
| 2011/12 | 2010/11 |
| R | R |
| 196 539 | 133 571 |
| - | - |
| 196 539 | 133 571 |
| - | - |
| - | - |
| 196 539 | 133 571 |

| GROUP | |
|----------------|----------------|
| 2011/12 | 2010/11 |
| R | R |
| 196 539 | 133 571 |
| - | - |
| 196 539 | 133 571 |
| - | - |
| - | - |
| 196 539 | 133 571 |

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| | |
|----------------|----------------|
| 133 571 | 253 047 |
| - | - |
| 8 686 | 21 157 |
| - | - |
| 77 926 | (85 144) |
| (23 644) | (55 489) |
| <u>196 539</u> | <u>133 571</u> |

| | |
|----------|----------|
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| <u>-</u> | <u>-</u> |

| MUNICIPALITY | |
|--------------|---------|
| 2011/12 | 2010/11 |
| R | R |
| 8 686 | 21 157 |

13.3.3 Reconciliation of present value of fund obligation:

| | | |
|--|----------------|----------------|
| Present value of fund obligation at the beginning of the year | 133 571 | 253 047 |
| Current service costs | - | - |
| Interest cost | 8 686 | 21 157 |
| Past service cost | - | - |
| Actuarial (gains)/losses | 77 926 | (85 144) |
| Expected Benefit payments | (23 644) | (55 489) |
| Present value of fund obligation at the end of the year | 196 539 | 133 571 |

13.3.4 Reconciliation of fair value of plan assets:

| | | |
|---|----------|----------|
| Fair value of plan assets at the beginning of the year | - | - |
| Expected return on plan assets | - | - |
| Contributions: employer | - | - |
| Contributions: employee | - | - |
| Past service costs | - | - |
| Actuarial gains/(losses) | - | - |
| Benefits paid | - | - |
| Fair value of plan assets at the end of the year | - | - |

13.3.5 Current service costs and interest costs

Total cost

There is no Current-service Cost as there are no in-service members eligible for ex-gratia pension benefits.
The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit payments, over the corresponding year. This arises because all future ex-gratia benefits are one year closer to payment

13.3.6 Sensitivity analysis on the unfunded accrued liability

| Assumption | Change | Liability | % Change |
|---------------------------|---------|-----------|----------|
| | | R | |
| Central assumptions | | 196 539 | |
| Discount rate | +1% | 188 767 | -4% |
| | -1% | 205 060 | 4% |
| Post-retirement mortality | -1 year | 205 611 | 5% |

13.3.7 Sensitivity analysis on the interest cost for the year

| Assumption | Change | Liability | % Change |
|---------------------------|---------|-----------|----------|
| | | R | |
| Central assumptions | | 8 686 | |
| Discount rate | +1% | 9 431 | 9% |
| | -1% | 7 861 | -9% |
| Post-retirement mortality | -1 year | 9 054 | 4% |

13.3.8 Key actuarial assumptions used

| Assumption | 2012 | 2011 |
|------------------------------------|--------------|--------------|
| Discount rate | 5.55% | 7.12% |
| Pension Increase rate | 0.00% | 0.00% |
| Net effective discount rate | 7.12% | 7.55% |
| Mortality in retirement | PA(90)-1 | PA(90)-1 |

14. CONSUMER DEPOSITS

Consumer deposits

The consumer deposits relate to the water and sanitation function.
The municipality does not have an unconditional right to defer the payment of the consumer deposits.

| | |
|------------------|------------------|
| 1 772 978 | 1 599 907 |
| <u>1 772 978</u> | <u>1 599 907</u> |

| MUNICIPALITY | |
|--------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| 96 541 212 | 52 001 276 |
| 4 816 998 | 2 935 286 |
| 55 322 997 | 59 665 881 |
| 4 826 418 | 2 912 935 |
| 4 869 369 | 5 428 897 |
| 8 064 263 | 6 125 249 |
| | 503 630 |
| <u>174 441 257</u> | <u>128 573 153</u> |

15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

| | |
|--|------|
| Trade payables | 15.1 |
| Consumer debtors with credit balances | 15.2 |
| Other payables | |
| Amounts received in advance: Water and sanitation | |
| Accrued leave pay | |
| Accrued service bonus | |
| Indebtness to municipal entity: Amathole Economic Development Agency | |
| Total payables | |

Trading creditors are non-interest bearing and normally settled on 30-day terms.
The fair value of R55 807 031 was calculated for other payables. A discount rate equating the average return on investments was used.
Short term payables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.
The carrying amount of trade payables approximates their fair value due.

| | |
|----------------|----------------|
| 133 571 | 253 047 |
| - | - |
| 8 686 | 21 157 |
| - | - |
| 77 926 | (85 144) |
| (23 644) | (55 489) |
| <u>196 539</u> | <u>133 571</u> |

| | |
|----------|----------|
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| <u>-</u> | <u>-</u> |

| GROUP | |
|---------|---------|
| 2011/12 | 2010/11 |
| R | R |
| 8 686 | 21 157 |

| | |
|------------------|------------------|
| 1 772 978 | 1 599 907 |
| <u>1 772 978</u> | <u>1 599 907</u> |

| GROUP | |
|--------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| 96 541 212 | 52 001 276 |
| 4 816 998 | 2 935 286 |
| 55 348 015 | 59 189 089 |
| 4 826 418 | 2 912 935 |
| 5 398 567 | 5 652 248 |
| 8 064 263 | 6 125 249 |
| | - |
| <u>174 995 473</u> | <u>128 816 083</u> |

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|-------------------|-------------------|
| 2011/12 R | 2010/11 R |
| 14 202 404 | 10 793 643 |
| 10 686 224 | 8 308 960 |
| (6 851 791) | (4 900 200) |
| 18 036 837 | 14 202 404 |
| 13 167 468 | 8 773 507 |
| 4 869 369 | 5 428 897 |
| 18 036 837 | 14 202 404 |

| MUNICIPALITY | |
|------------------|------------------|
| 2011/12 R | 2010/11 R |
| 6 125 249 | 5 148 551 |
| 14 113 985 | 6 125 249 |
| - | - |
| (12 174 971) | (5 148 551) |
| 8 064 263 | 6 125 249 |

| MUNICIPALITY | |
|------------------|------------------|
| 2011/12 R | 2010/11 R |
| 1 044 604 | 905 453 |
| - | 2 318 355 |
| - | - |
| 1 044 604 | 3 223 809 |

| MUNICIPALITY | |
|------------------|----------------|
| 2011/12 R | 2010/11 R |
| 905 453 | 1 164 441 |
| 1 044 604 | 638 330 |
| (642 929) | - |
| (262 524) | (897 318) |
| 1 044 604 | 905 453 |

| MUNICIPALITY | |
|--------------|------------------|
| 2011/12 R | 2010/11 R |
| 2 318 355 | 2 318 355 |
| - | - |
| - | - |
| (2 318 355) | - |
| - | 2 318 355 |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | 1 233 895 |
| - | - |
| - | (1 207 882) |
| - | (26 013) |
| - | - |

The movement on the leave accrual and service bonus accrual balances as above for the 2012 financial year were as follows:

15.1 Accrued Leave Pay

| | |
|-------------------------------------|--|
| Opening Balance | |
| Plus: Contributions during the year | |
| Leave sold during the year | |
| Total leave accrual | |

Non current portion of leave accrual
Current portion of leave accrual

The municipality makes provision for staff leave pay based upon the basic salary scale for 2011/12.
The short term portion of the provision is based on the number of accrued days versus the number of days sold.

15.2 Accrued Service Bonus

| | |
|------------------------------------|--|
| Opening balance | |
| Additional provision | |
| Amounts utilised | |
| Unused amounts reversed | |
| Carrying amount at end of the year | |

The accrual calculation is based on the portion of the thirteenth cheque payable that falls due within the current year.

16. PROVISIONS

| | |
|------------------------------------|-------------|
| Performance bonus | 16.1 |
| TASK grades | 16.2 |
| Provision: Post-employment benefit | 16.3 |
| Total provisions | |

Performance bonuses

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date.
The provision is calculated at 14% of the current total salary package of Section 57 employees for the 2011/12 financial year, however this is subject to change once the assessments have been finalised.

TASK grades

The provision has been reversed during the 2011/12 financial year and disclosed as a contingent liability refer **note 41** as the municipality is still in the process of re-grading jobs. The re-grading is to be subjected to an audit. The outcome is thus based on the audit. The job evaluation unit are only able to calculate a rough estimate.

The movement in current provisions are reconciled as follows: -

16.1 Performance Bonus

| | |
|------------------------------------|--|
| Opening balance | |
| Additional provision | |
| Amounts utilised | |
| Unused amounts reversed | |
| Carrying amount at end of the year | |

16.2 TASK grades

| | |
|------------------------------------|--|
| Opening balance | |
| Additional provision | |
| Amounts utilised | |
| Unused amounts reversed | |
| Carrying amount at end of the year | |

16.3 Provision for Post-employment benefit

| | |
|------------------------------------|--|
| Opening balance | |
| Additional provision | |
| Amounts utilised | |
| Unused amounts reversed | |
| Carrying amount at end of the year | |

| GROUP | |
|-------------------|-------------------|
| 2011/12 R | 2010/11 R |
| 14 202 404 | 10 793 643 |
| 11 215 422 | 8 308 960 |
| (6 851 791) | (4 900 200) |
| 18 566 035 | 14 202 404 |
| 13 167 468 | 8 773 507 |
| 5 398 567 | 5 428 897 |
| 18 566 035 | 14 202 404 |

| GROUP | |
|------------------|------------------|
| 2011/12 R | 2010/11 R |
| 6 125 249 | 5 148 551 |
| 14 113 985 | 6 125 249 |
| - | - |
| (12 174 971) | (5 148 551) |
| 8 064 263 | 6 125 249 |

| GROUP | |
|------------------|------------------|
| 2011/12 R | 2010/11 R |
| 1 354 432 | 1 234 662 |
| - | 2 318 355 |
| - | - |
| 1 354 432 | 3 553 018 |

| GROUP | |
|------------------|------------------|
| 2011/12 R | 2010/11 R |
| 1 234 662 | 1 420 359 |
| 1 044 604 | 711 621 |
| (662 310) | - |
| (262 524) | (897 318) |
| 1 354 432 | 1 234 662 |

| GROUP | |
|--------------|------------------|
| 2011/12 R | 2010/11 R |
| 2 318 355 | 2 318 355 |
| - | - |
| - | - |
| (2 318 355) | - |
| - | 2 318 355 |

| GROUP | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | 1 233 895 |
| - | - |
| - | (1 207 882) |
| - | (26 013) |
| - | - |

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|--------------------|--------------------|
| 2011/12 R | 2010/11 R |
| 99 732 128 | 73 506 101 |
| 69 772 484 | 46 402 847 |
| 3 142 306 | 1 851 149 |
| 172 646 918 | 121 760 098 |

| MUNICIPALITY | |
|--------------------|--------------------|
| 2011/12 R | 2010/11 R |
| 313 407 860 | 289 468 791 |
| 203 595 140 | 191 571 001 |
| 54 841 552 | 70 639 859 |
| 40 280 001 | 12 879 684 |
| 259 232 947 | 231 048 842 |
| 871 357 500 | 795 608 177 |

| MUNICIPALITY | |
|------------------|------------------|
| 2011/12 R | 2010/11 R |
| 3 019 528 | - |
| - | 8 835 133 |
| - | 3 034 766 |
| - | - |
| - | 5 800 367 |
| - | (5 815 605) |
| - | (4 425 186) |
| - | (1 390 420) |
| 3 019 528 | 3 019 528 |

| MUNICIPALITY | |
|--------------------|--------------------|
| 2011/12 R | 2010/11 R |
| 120 996 939 | 127 483 618 |
| 389 686 690 | 302 048 751 |
| (340 849 294) | (308 535 431) |
| 169 834 335 | 120 996 939 |

| MUNICIPALITY | |
|-------------------|---------------|
| 2011/12 R | 2010/11 R |
| - | - |
| 321 323 000 | 231 048 843 |
| (259 232 947) | (231 048 843) |
| 62 090 053 | - |

| MUNICIPALITY | |
|-------------------|-------------------|
| 2011/12 R | 2010/11 R |
| 15 859 988 | 3 572 699 |
| 48 196 621 | 29 147 329 |
| (52 386 469) | (16 860 040) |
| 11 670 140 | 15 859 988 |

17. SERVICE CHARGES

| | |
|---------------------------------|--|
| Sale of water | |
| Sewerage and sanitation charges | |
| Fire Services | |
| Total service charges | |

18. GOVERNMENT GRANTS AND SUBSIDIES

| | |
|---|--|
| Equitable share | |
| Levy replacement grant | |
| Conditional Grants: Conditions met - transferred to revenue | |
| Other government grants and subsidies | |
| MIG grant | |
| Total Government Grants and Subsidies | |

The first tranche of Equitable share was short paid by R13 278 000, hence the expected amount was R220 950 000. This shortfall is as a result of an unspent conditional grant on Transport pertaining to the 07/08 financial year.

18.1 Equitable Share

This grant is used to subsidise the following functions:

Water Service Provider
Water Service Authority
Engineering Services
Disaster Management
Health & Protection Services
Fire service
Building & Services Planning
Municipal Manager
Project Management Unit

18.2 Income for Agency Services

| | |
|---|--|
| Balance outstanding at beginning of year | |
| Total Income | |
| Subsidy received | |
| Corrections | |
| Other income | |
| Total Expenditure | |
| Less: Expenditure subsidy | |
| Less: Other expenditure relating to sundry income | |
| Conditions still to be met- transferred to creditors | |

The Municipality renders health services on behalf of the Provincial Government and is refunded 100% of the total expenditure incurred. The conditions of the grant have been met. There was a delay in receiving the subsidy due to negotiations regarding the Service Level Agreement.

18.3 Unspent Conditional Grants and Receipts

| | |
|--|--|
| Balance unspent at beginning of year | |
| Current year receipts | |
| Interest Received | |
| Less: Expenditure including declined roll-over | |
| Condition still to be met-remain as liabilities | |

18.3.1 MIG Grant

| | |
|--|--|
| Balance unspent at beginning of year | |
| Current year receipts | |
| Less: Expenditure | |
| Condition still to be met-remain as current liabilities | |
| Refer to Annexure 1 | |
| Note: included in total of Note 18.3 | |

18.3.2 Regional Bulk Infrastructure Grant

| | |
|--|--|
| Balance unspent at beginning of year | |
| Current year receipts | |
| Less: Expenditure | |
| Condition still to be met-remain as current liabilities | |
| Refer to Annexure 1 | |
| Note: included in total of Note 18.3 | |

| GROUP | |
|--------------------|--------------------|
| 2011/12 R | 2010/11 R |
| 99 732 128 | 73 506 101 |
| 69 772 484 | 46 402 847 |
| 3 142 306 | 1 851 149 |
| 172 646 918 | 121 760 098 |

| GROUP | |
|--------------------|--------------------|
| 2011/12 R | 2010/11 R |
| 313 407 860 | 289 468 791 |
| 203 595 140 | 191 571 001 |
| 134 358 003 | 130 084 382 |
| 40 280 001 | 12 879 684 |
| 259 232 947 | 231 048 842 |
| 950 873 951 | 855 052 700 |

| GROUP | |
|------------------|------------------|
| 2011/12 R | 2010/11 R |
| 3 019 528 | - |
| - | 8 835 133 |
| - | 3 034 766 |
| - | - |
| - | 5 800 367 |
| - | (5 815 605) |
| - | (4 425 186) |
| - | (1 390 420) |
| 3 019 528 | 3 019 528 |

| GROUP | |
|--------------------|--------------------|
| 2011/12 R | 2010/11 R |
| 139 357 205 | 135 472 831 |
| 484 171 622 | 372 714 660 |
| - | - |
| (420 785 484) | (368 830 286) |
| 202 743 343 | 139 357 205 |

| GROUP | |
|-------------------|---------------|
| 2011/12 R | 2010/11 R |
| - | - |
| 321 323 000 | 231 048 843 |
| (259 232 947) | (231 048 843) |
| 62 090 053 | - |

| GROUP | |
|-------------------|-------------------|
| 2011/12 R | 2010/11 R |
| 15 859 988 | 3 572 699 |
| 48 196 621 | 29 147 329 |
| (52 386 469) | (16 860 040) |
| 11 670 140 | 15 859 988 |

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|----------------|----------------|
| 2011/12 | 2010/11 |
| R | R |
| 216 578 | 422 692 |
| 852 616 | - |
| (738 755) | (206 114) |
| 330 439 | 216 578 |

| MUNICIPALITY | |
|----------------|----------------|
| 2011/12 | 2010/11 |
| R | R |
| 130 138 | 579 035 |
| 790 000 | 718 108 |
| (744 326) | (1 167 007) |
| 175 812 | 130 138 |

| MUNICIPALITY | |
|-------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 7 481 209 | 680 196 |
| 3 731 000 | 7 457 000 |
| (295 036) | (655 987) |
| 10 917 173 | 7 481 209 |

| MUNICIPALITY | |
|----------------|----------|
| 2011/12 | 2010/11 |
| R | R |
| - | - |
| 1 687 000 | - |
| (940 306) | - |
| 746 694 | - |

| MUNICIPALITY | |
|----------------|----------------|
| 2011/12 | 2010/11 |
| R | R |
| 510 076 | 702 247 |
| - | - |
| - | (192 172) |
| 510 076 | 510 076 |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 | 2010/11 |
| R | R |
| - | - |
| 71 450 000 | 42 405 413 |
| (71 450 000) | (42 405 413) |
| - | - |

| MUNICIPALITY | |
|--------------|----------|
| 2011/12 | 2010/11 |
| R | R |
| - | - |
| - | - |
| - | - |
| - | - |

| MUNICIPALITY | |
|--------------|----------|
| 2011/12 | 2010/11 |
| R | R |
| - | - |
| - | - |
| - | - |
| - | - |

| MUNICIPALITY | |
|--------------|----------|
| 2011/12 | 2010/11 |
| R | R |
| - | - |
| - | - |
| - | - |
| - | - |

18.3.3 Budget Reform Grant

Balance unspent at beginning of year

Current year receipts

Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.4 Municipal System Improvement Grant

Balance unspent at beginning of year

Current year receipts

Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.5 Expanded Public Works Programme Grant

Balance unspent at beginning of year

Current year receipts

Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.6 Public Transport Infrastructure Grant

Balance unspent at beginning of year

Current year receipts

Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.7 Department of Water Affairs: Flood Relief Grant

Balance unspent at beginning of year

Current year receipts

Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.8 Neighbourhood Development Partnership Grant

Balance unspent at beginning of year

Current year receipts

Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.9 BURP Grant

Balance unspent at beginning of year

Current year receipts

Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.10 Industrial Development Corporation Grant

Balance unspent at beginning of year

Current year receipts

Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.11 Ngqushwa Municipality

Balance unspent at beginning of year

Current year receipts

Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

| GROUP | |
|----------------|----------------|
| 2011/12 | 2010/11 |
| R | R |
| 216 578 | 422 692 |
| 852 616 | - |
| (738 755) | (206 114) |
| 330 439 | 216 578 |

| GROUP | |
|----------------|----------------|
| 2011/12 | 2010/11 |
| R | R |
| 130 138 | 579 035 |
| 790 000 | 718 108 |
| (744 326) | (1 167 007) |
| 175 812 | 130 138 |

| GROUP | |
|-------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 7 481 209 | 680 196 |
| 3 731 000 | 7 457 000 |
| (295 036) | (655 987) |
| 10 917 173 | 7 481 209 |

| GROUP | |
|----------------|----------|
| 2011/12 | 2010/11 |
| R | R |
| - | - |
| 1 687 000 | - |
| (940 306) | - |
| 746 694 | - |

| GROUP | |
|----------------|----------------|
| 2011/12 | 2010/11 |
| R | R |
| 510 076 | 702 247 |
| - | - |
| - | (192 172) |
| 510 076 | 510 076 |

| GROUP | |
|-------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 9 222 268 | - |
| 71 450 000 | 42 405 413 |
| (52 509 006) | (33 183 144) |
| 28 163 262 | 9 222 269 |

| GROUP | |
|-------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 1 370 244 | 1 394 223 |
| - | - |
| (1 370 244) | (23 979) |
| - | 1 370 244 |

| GROUP | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 1 815 372 | 956 262 |
| 3 000 000 | 3 000 000 |
| (3 132 241) | (2 140 890) |
| 1 683 131 | 1 815 372 |

| GROUP | |
|---------------|---------------|
| 2011/12 | 2010/11 |
| R | R |
| 67 000 | - |
| - | 223 896 |
| - | (156 896) |
| 67 000 | 67 000 |

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|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

18.3.12 Indalo Yethu

Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.13 DEDEA: Woodhouse

Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.14 European Union: Keiskammahoek

Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.15 Mbashe Municipality: N2 Summit

Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.16 Eastern Cape Development Corporation

Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.17 DNT: Hamburg Arts Residency

Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.18 Department of Rural Development and Agrarian land Reform

Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.19 Development Bank of South Africa

Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

During the current year, ASPIRE completed the following projects which constructed assets for the local municipalities:

| | Date of completion |
|-------------------------|--------------------|
| Stutterheim Bridge | Jun 2012 |
| Butterworth CBD upgrade | Dec 2011 |

18.4 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act No.1 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

| GROUP | |
|---------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| 2 367 722 | - |
| (2 344 341) | - |
| 23 381 | - |

| GROUP | |
|--------------|----------------|
| 2011/12 R | 2010/11 R |
| 948 530 | - |
| - | 1 648 000 |
| (948 530) | (699 470) |
| - | 948 530 |

| GROUP | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | 173 105 |
| - | (173 105) |
| - | - |

| GROUP | |
|---------------|---------------|
| 2011/12 R | 2010/11 R |
| 87 719 | 87 719 |
| - | - |
| - | - |
| 87 719 | 87 719 |

| GROUP | |
|----------------|---------------|
| 2011/12 R | 2010/11 R |
| 90 900 | - |
| 419 740 | 813 676 |
| (125 702) | (722 776) |
| 384 938 | 90 900 |

| GROUP | |
|------------------|------------------|
| 2011/12 R | 2010/11 R |
| 3 494 961 | 4 604 187 |
| 6 487 394 | 6 258 536 |
| (8 746 050) | (7 367 762) |
| 1 236 305 | 3 494 961 |

| GROUP | |
|----------------|----------------|
| 2011/12 R | 2010/11 R |
| 316 449 | - |
| 9 175 532 | 10 327 298 |
| (9 175 532) | (10 010 849) |
| 316 449 | 316 449 |

| GROUP | |
|---------------|---------------|
| 2011/12 R | 2010/11 R |
| 96 491 | 96 491 |
| - | - |
| - | - |
| 96 491 | 96 491 |

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| MUNICIPALITY | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| - | 3 034 766 |
| 244 986 | 206 891 |
| 618 117 | 167 552 |
| 1 071 038 | 196 882 |
| 58 054 | 47 918 |
| 74 985 | 21 490 |
| 3 448 | - |
| 70 | 1 374 |
| 46 410 950 | 43 521 990 |
| 48 481 648 | 47 198 864 |

| MUNICIPALITY | |
|--------------|---------|
| 2011/12 | 2010/11 |
| R | R |
| 311 445 | 268 692 |

| MUNICIPALITY | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| (996 830) | (321 175) |
| 88 656 368 | 76 343 423 |
| 17 242 | 248 962 |
| - | 16 078 |
| 88 673 610 | 76 608 463 |

| MUNICIPALITY | |
|--------------|------------|
| 2011/12 | 2010/11 |
| R | R |
| - | - |
| 915 379 | 802 775 |
| 11 500 000 | 10 000 000 |
| 239 941 | 431 406 |
| 189 280 | 219 296 |
| 34 676 | 257 094 |
| 335 028 | 578 349 |
| 318 903 | 326 579 |
| 34 588 | 17 034 |
| 174 919 | - |
| 6 663 215 | 6 592 729 |
| 8 972 285 | 14 665 083 |
| 35 797 408 | 21 950 713 |
| 2 351 250 | 2 804 250 |
| 246 635 | 232 282 |
| 1 139 544 | 580 782 |
| 391 558 | 362 898 |
| 487 | 184 |
| 1 011 533 | 787 941 |
| 1 654 474 | 1 416 570 |
| 1 502 700 | 1 300 631 |
| 911 616 | 142 134 |
| 3 515 910 | 1 514 462 |
| 378 955 | 221 498 |
| 190 389 | 29 472 |
| 394 996 | 471 343 |
| 876 547 | 15 409 403 |
| 93 766 | 39 226 |
| 19 077 453 | 16 004 603 |
| 1 139 443 | 1 008 157 |
| 1 661 049 | 1 800 419 |
| 104 941 | 108 905 |
| - | - |
| 2 849 | 4 246 |
| 965 | - |
| 246 000 | 176 572 |
| 160 873 | 113 529 |
| 514 997 | 211 609 |
| 235 598 | 179 923 |
| 154 597 | 445 810 |
| 3 457 806 | 1 345 961 |
| 4 613 606 | 4 475 783 |
| 10 107 | 720 789 |
| 297 011 | 229 373 |
| - | 132 604 |
| 998 739 | 551 398 |
| 990 880 | 658 284 |
| 1 055 736 | 549 091 |
| 2 113 931 | 2 178 337 |

19. OTHER INCOME

| |
|-----------------------------------|
| Agency services |
| Commission |
| Connection fees |
| Conservancy fees |
| Emergency tanked water |
| Legal fees recovered |
| RD cheques bank charges recovered |
| Prepaid water sales |
| Sundry income |
| Total Other Income |

20. RENTAL OF FACILITIES AND EQUIPMENT

Rental income received for leased property

21. DEPRECIATION AND AMORTISATION EXPENSE AND GAIN ON DISPOSAL OF ASSETS

| |
|---|
| Gain on sale of infrastructure, plant and equipment |
| Depreciation on Infrastructure, plant and equipment |
| Amortisation on Intangible Assets |
| Depreciation on Investment Property |
| Total depreciation and amortisation |

22. GENERAL EXPENDITURE

22.1 OTHER

| |
|---|
| Accounting fees |
| Advertising |
| Amathole Economic Development Agency Contribution |
| Annual event |
| Advisory forums |
| Assessment rates |
| Audit committee |
| Bank charges |
| Books and publications |
| By-law consultation |
| Bulk purchases: Chemicals |
| Bulk purchases: Repairs and maintenance |
| Bulk purchases: Labour, travel and supervision |
| Bulk purchases: General expenses |
| Bursary for rare skills |
| Campaigns and promotions |
| Chemicals |
| Cleaning materials |
| Communication |
| Community Based Organisation |
| Conference expenses |
| Consultative forums |
| Consultants |
| Consumables |
| Dam safety |
| Database expenditure |
| Delegated management |
| Disposal of the dead |
| Electricity, water and refuse |
| Employee welfare |
| Emergency provisions |
| Entertainment |
| Legal fees |
| Fire services |
| First aid |
| Food control |
| Fumigation |
| Grants in aid |
| Hiring costs |
| IGR learner ship and programmes |
| Indigent support |
| Insurance |
| International programmes |
| Job evaluation expenditure |
| Nursing services |
| Licences and subscriptions |
| Marketing |
| Meeting costs |
| Membership fees |

| GROUP | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| - | 3 034 766 |
| 244 986 | 206 891 |
| 618 117 | 167 552 |
| 1 071 038 | 196 882 |
| 58 054 | 47 918 |
| 74 985 | 21 490 |
| 3 448 | - |
| 70 | 1 374 |
| 46 926 238 | 43 967 419 |
| 48 996 936 | 47 644 293 |

| GROUP | |
|---------|---------|
| 2011/12 | 2010/11 |
| R | R |
| 311 445 | 268 692 |

| GROUP | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| (1 032 846) | (319 127) |
| 88 782 051 | 76 439 341 |
| 74 181 | 257 828 |
| - | 16 078 |
| 88 856 232 | 76 713 247 |

| GROUP | |
|------------|------------|
| 2011/12 | 2010/11 |
| R | R |
| 258 069 | 119 332 |
| 915 379 | 814 784 |
| - | - |
| 239 941 | 431 406 |
| 189 280 | 219 296 |
| 34 676 | 257 094 |
| 335 028 | 600 349 |
| 336 276 | 339 586 |
| 34 588 | - |
| 174 919 | - |
| 6 663 215 | 6 592 729 |
| 8 972 285 | 14 731 999 |
| 35 797 408 | 21 950 713 |
| 2 351 250 | 2 804 250 |
| 246 635 | 232 282 |
| 1 139 544 | 580 782 |
| 391 558 | 362 898 |
| 6 531 | 4 338 |
| 1 011 533 | 787 941 |
| 1 654 474 | 1 416 570 |
| 1 502 700 | 1 302 992 |
| 911 616 | 142 134 |
| 3 662 066 | 1 767 440 |
| 378 955 | 221 498 |
| 190 389 | - |
| 394 996 | 471 343 |
| 876 547 | 15 409 403 |
| 93 766 | 39 226 |
| 19 100 225 | 16 020 577 |
| 1 145 498 | 1 008 157 |
| 1 661 049 | 1 800 419 |
| 113 912 | 122 901 |
| 127 886 | 24 965 |
| 2 849 | 4 246 |
| 965 | - |
| 246 000 | 176 572 |
| 160 873 | 113 529 |
| 514 997 | 211 609 |
| 235 598 | 179 923 |
| 154 597 | 445 810 |
| 3 457 806 | 1 345 961 |
| 4 660 514 | 4 509 291 |
| 10 107 | 720 789 |
| 297 011 | 229 373 |
| - | 132 604 |
| 1 044 245 | 600 722 |
| 990 880 | 658 284 |
| 1 055 736 | - |
| 2 113 931 | 2 178 337 |

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| | |
|--------------------|--------------------|
| - | - |
| 48 421 | 20 399 |
| 1 384 400 | 93 147 |
| 1 769 468 | 1 642 008 |
| 122 132 511 | 88 446 010 |
| 3 145 646 | 3 589 057 |
| 48 926 | 29 112 |
| 38 902 | 216 675 |
| 2 917 943 | 1 386 468 |
| 2 183 880 | 1 267 507 |
| - | - |
| 1 390 438 | 499 054 |
| 1 542 866 | 1 030 343 |
| 814 734 | 893 291 |
| 10 809 330 | 2 802 857 |
| 2 309 088 | 1 977 864 |
| 1 532 598 | 34 512 |
| 6 525 411 | 6 144 088 |
| 4 654 951 | 1 483 601 |
| 534 175 | 583 920 |
| 6 103 679 | 3 294 010 |
| 3 700 982 | 3 306 584 |
| 93 220 | 2 123 |
| 120 000 | 148 500 |
| 4 215 274 | 3 988 292 |
| 13 298 131 | 8 654 182 |
| 1 520 212 | 343 204 |
| - | 2 123 368 |
| 27 550 817 | 80 251 218 |
| 26 210 | 6 175 |
| 337 084 774 | 326 307 097 |

| MUNICIPALITY | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 9 235 420 | 6 620 451 |
| 9 347 820 | 13 758 627 |
| 442 403 | 392 552 |
| 19 025 643 | 20 771 630 |

| MUNICIPALITY | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 572 964 | 4 219 354 |
| - | 13 404 |
| 45 859 269 | 37 979 894 |
| 46 432 233 | 42 212 652 |

| MUNICIPALITY | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 3 875 091 | 3 635 700 |
| 3 875 091 | 3 635 700 |

| MUNICIPALITY | |
|--------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| - | - |
| 406 417 741 | 392 927 079 |

| MUNICIPALITY | |
|--------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| 182 254 743 | 161 971 171 |
| 46 478 749 | 41 318 674 |
| 9 088 134 | 7 030 631 |
| 1 357 414 | 1 311 281 |
| 9 244 034 | 7 904 271 |
| 15 913 700 | 13 215 648 |
| 10 625 146 | 8 405 830 |
| 9 084 995 | 770 189 |
| 28 583 516 | 6 460 849 |
| 312 630 431 | 248 388 545 |

| | | |
|---------------------------------------|--------------------|--------------------|
| Miscellaneous expenditure | 11 846 | 478 973 |
| Oversight committee | 48 421 | - |
| Pit latrine clearance | 1 384 400 | - |
| Postage | 1 783 033 | 1 652 893 |
| Internally funded project allocations | 122 132 511 | 88 446 010 |
| Printing and stationery | 3 258 112 | 3 673 120 |
| Project Management | 48 926 | 29 112 |
| Property transfer costs | 38 902 | 216 675 |
| Protective clothing | 2 917 943 | 1 386 468 |
| Public participation | 2 183 880 | 1 267 507 |
| Recruitment expenditure | 41 187 | 44 596 |
| Refreshments | 1 411 362 | 514 936 |
| Rentals: VPN lines | 1 542 866 | 1 030 343 |
| Sampling and testing | 814 734 | 893 291 |
| Security services | 10 835 965 | 2 835 226 |
| Skills development levy | 2 309 088 | 1 977 864 |
| Solid waste site costs | 1 532 598 | 34 512 |
| Software and computer expenditure | 6 589 496 | 6 184 841 |
| Special programmes | 4 654 951 | 1 483 601 |
| Stipend volunteers | 534 175 | 583 920 |
| Subsistence and travel | 6 221 981 | 3 411 266 |
| Telephone expenditure | 3 811 003 | 3 431 306 |
| Tools | 93 220 | 2 123 |
| Tourism | 120 000 | 148 500 |
| Training and workshops | 4 593 839 | 3 988 292 |
| Transport | 13 298 131 | 8 654 182 |
| Water research levy | 1 520 212 | 343 204 |
| Water support | - | 2 123 368 |
| Conditional grant expenditure | 27 550 817 | 80 251 218 |
| Whippery | 26 210 | 6 175 |
| Total | 327 168 110 | 317 177 975 |

22.2 LEASING SERVICES

| | |
|-------------------------|------------|
| Operating lease charges | |
| <i>Premises</i> | |
| - Contractual amounts | 6 620 451 |
| <i>Motor vehicles</i> | |
| - Contractual amounts | 13 758 627 |
| <i>Office Equipment</i> | |
| - Contractual amounts | 450 091 |

22.3 COST OF INVENTORIES

| | |
|----------------------|------------|
| Housing inventories | |
| Stores and materials | 13 404 |
| Water purchases | 37 979 894 |

22.4 AUDIT FEES PAID

| | |
|---------------------|--|
| Fees - current year | |
|---------------------|--|

TOTAL GENERAL EXPENDITURE

23. EMPLOYEE RELATED COSTS

| | | |
|--|--------------------|--------------------|
| Employee related costs- Salaries and Wages | 189 827 875 | 167 406 799 |
| Employee related costs- Contribution for UIF, pensions and medical aid | 46 478 749 | 41 318 674 |
| Travel, motor car, accommodation, subsistence and other allowances | 9 088 134 | 7 030 631 |
| Housing benefits and allowances | 1 357 414 | 1 311 281 |
| Overtime payments | 9 244 034 | 7 904 271 |
| Bonus | 15 913 700 | 13 215 648 |
| Leave pay provision contribution | 10 625 146 | 8 405 830 |
| Other benefits/allowances | 9 084 995 | 770 189 |
| Defined benefit obligation contribution | 28 583 516 | 6 460 849 |
| Total Employee Related Costs | 320 203 563 | 253 824 173 |

| | |
|--------------------|--------------------|
| 11 846 | 478 973 |
| 48 421 | - |
| 1 384 400 | - |
| 1 783 033 | 1 652 893 |
| 122 132 511 | 88 446 010 |
| 3 258 112 | 3 673 120 |
| 48 926 | 29 112 |
| 38 902 | 216 675 |
| 2 917 943 | 1 386 468 |
| 2 183 880 | 1 267 507 |
| 41 187 | 44 596 |
| 1 411 362 | 514 936 |
| 1 542 866 | 1 030 343 |
| 814 734 | 893 291 |
| 10 835 965 | 2 835 226 |
| 2 309 088 | 1 977 864 |
| 1 532 598 | 34 512 |
| 6 589 496 | 6 184 841 |
| 4 654 951 | 1 483 601 |
| 534 175 | 583 920 |
| 6 221 981 | 3 411 266 |
| 3 811 003 | 3 431 306 |
| 93 220 | 2 123 |
| 120 000 | 148 500 |
| 4 593 839 | 3 988 292 |
| 13 298 131 | 8 654 182 |
| 1 520 212 | 343 204 |
| - | 2 123 368 |
| 27 550 817 | 80 251 218 |
| 26 210 | 6 175 |
| 327 168 110 | 317 177 975 |

| GROUP | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 9 819 988 | 6 620 451 |
| 9 347 820 | 13 758 627 |
| 515 024 | 450 091 |
| 19 682 833 | 20 829 169 |

| GROUP | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 572 964 | 4 219 354 |
| - | 13 404 |
| 45 859 269 | 37 979 894 |
| 46 432 233 | 42 212 652 |

| GROUP | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 4 425 065 | 3 880 912 |
| 4 425 065 | 3 880 912 |

| GROUP | |
|--------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| - | - |
| 397 708 241 | 384 100 709 |

| GROUP | |
|--------------------|--------------------|
| 2011/12 | 2010/11 |
| R | R |
| 189 827 875 | 167 406 799 |
| 46 478 749 | 41 318 674 |
| 9 088 134 | 7 030 631 |
| 1 357 414 | 1 311 281 |
| 9 244 034 | 7 904 271 |
| 15 913 700 | 13 215 648 |
| 10 625 146 | 8 405 830 |
| 9 084 995 | 770 189 |
| 28 583 516 | 6 460 849 |
| 320 203 563 | 253 824 173 |

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| 30 273 048 | 8 901 683 |
|------------|-------------|
| 10 397 646 | 8 482 980 |
| 8 609 618 | 8 367 869 |
| 11 265 784 | (7 949 166) |

| 42 567 531 | 32 744 038 |
|------------|------------|
| 40 252 848 | 30 512 796 |
| 2 314 683 | 2 231 241 |

| MUNICIPALITY | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 815 265 | 1 003 232 |
| 108 459 | 162 129 |
| 221 865 | - |
| 22 976 | 28 164 |
| 132 003 | 171 600 |
| 24 155 | 15 528 |
| 1 373 | 1 497 |
| 1 326 096 | 1 382 150 |

| MUNICIPALITY | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 674 720 | 624 873 |
| 120 556 | 185 905 |
| 58 417 | - |
| 27 187 | - |
| 29 868 | 28 164 |
| 223 917 | 228 694 |
| 19 570 | 11 186 |
| 165 841 | 148 327 |
| 1 320 076 | 1 227 148 |

| MUNICIPALITY | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 631 761 | 595 753 |
| 87 935 | 168 756 |
| 59 493 | - |
| 29 868 | 28 164 |
| 271 012 | 253 270 |
| 14 575 | 8 268 |
| 157 169 | 155 716 |
| 1 251 814 | 1 209 927 |

| MUNICIPALITY | |
|------------------|----------------|
| 2011/12 | 2010/11 |
| R | R |
| 672 709 | 608 268 |
| 30 494 | - |
| 0 | 17 739 |
| 29 383 | 22 918 |
| 271 012 | 137 203 |
| 15 036 | 4 402 |
| 125 291 | 60 250 |
| 1 143 925 | 850 780 |

| MUNICIPALITY | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 775 334 | 715 479 |
| 107 792 | 104 957 |
| 175 250 | - |
| 29 868 | 28 164 |
| 144 000 | 144 000 |
| 20 048 | 10 458 |
| 144 686 | 132 166 |
| 1 396 958 | 1 135 225 |

Defined Benefit Plan (Post employment medical aid and retirement gratuity) Expense

- current service cost
- interest cost
- actuarial loss/(gain) recognised

Amount expended in respect of retirement benefit plans:

Defined contribution funds
Defined benefit funds

Remuneration of the Municipal Manager

Annual Remuneration
Performance Bonus
Leave encashment
Cell Phone Allowance
Travel Allowance
Back pay of remuneration
Contribution to UIF, Medical and Pension Fund
Total

The Municipal Manager Mr V. Mlokoti resigned from the Amathole District Municipality on 29 February 2012
Mr. C. Magwangqana was appointed as the Municipal Manager as from 3 May 2012.

Remuneration of the Chief Finance Officer

Annual Remuneration
Performance Bonuses
Leave encashment
Acting Allowance
Cell Phone Allowance
Travel Allowance
Back pay of remuneration
Contributions to UIF, Medical and Pension Funds
Total

Remuneration of the Director: Engineering

Annual Remuneration
Performance Bonuses
Leave encashment
Cell Phone Allowance
Travel Allowance
Back pay of remuneration
Contributions to UIF, Medical and Pension Fund
Total

Remuneration of the Director: Strategic Management

Annual Remuneration
Performance Bonuses
Leave encashment
Cell Phone Allowance
Travel Allowance
Back pay of remuneration
Contributions to UIF, Medical and Pension Fund
Total

Remuneration of the Director: Corporate Services

Annual Remuneration
Performance bonus
Leave Encashment
Cell Phone Allowance
Travel Allowance
Back Pay of Remuneration
Contributions to UIF, Medical and Pension Fund
Total

| 30 273 048 | 8 901 683 |
|------------|-------------|
| 10 397 646 | 8 482 980 |
| 8 609 618 | 8 367 869 |
| 11 265 784 | (7 949 166) |

| 42 567 531 | 32 744 038 |
|------------|------------|
| 40 252 848 | 30 512 796 |
| 2 314 683 | 2 231 241 |

| GROUP | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 815 265 | 1 003 232 |
| 108 459 | 162 129 |
| 221 865 | 0 |
| 22 976 | 28 164 |
| 132 003 | 171 600 |
| 24 155 | 15 528 |
| 1 373 | 1 497 |
| 1 326 096 | 1 382 150 |

| GROUP | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 674 720 | 624 873 |
| 120 556 | 185 905 |
| 58 417 | 0 |
| 27 187 | 0 |
| 29 868 | 28 164 |
| 223 917 | 228 694 |
| 19 570 | 11 186 |
| 165 841 | 148 327 |
| 1 320 076 | 1 227 148 |

| GROUP | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 631 761 | 595 753 |
| 87 935 | 168 756 |
| 59 493 | - |
| 29 868 | 28 164 |
| 271 012 | 253 270 |
| 14 575 | 8 268 |
| 157 169 | 155 716 |
| 1 251 814 | 1 209 927 |

| GROUP | |
|------------------|----------------|
| 2011/12 | 2010/11 |
| R | R |
| 672 709 | 608 268 |
| 30 493.68 | - |
| - | 17 739 |
| 29 383 | 22 918 |
| 271 012 | 137 203 |
| 15 036 | 4 402 |
| 125 291 | 60 250 |
| 1 143 925 | 850 780 |

| GROUP | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 775 334 | 715 479 |
| 107 792 | 104 957 |
| 175 250 | - |
| 29 868 | 28 164 |
| 144 000 | 144 000 |
| 20 048 | 10 458 |
| 144 686 | 132 166 |
| 1 396 958 | 1 135 225 |

| MUNICIPALITY | |
|------------------|------------------|
| 2011/12 R | 2010/11 R |
| 596 686 | 518 478 |
| 108 983 | 191 682 |
| 29 928 | 28 296 |
| 258 958 | 216 236 |
| 36 205 | 7 162 |
| 135 106 | 123 068 |
| 1 165 866 | 1 084 922 |

| MUNICIPALITY | |
|------------------|----------------|
| 2011/12 R | 2010/11 R |
| 702 216 | 619 082 |
| 78 710 | 47 561 |
| 99 118 | - |
| 29 868 | 46 328 |
| 258 958 | 216 011 |
| 42 722 | 8 399 |
| 31 935 | 20 552 |
| 1 243 526 | 957 932 |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |
| - | - |
| <hr/> | <hr/> |
| - | - |

[illegible]

| | |
|-------------------|-------------------|
| 790 113 | 661 426 |
| 620 607 | 526 387 |
| 6 363 816 | 5 327 649 |
| 2 734 893 | 4 310 970 |
| 29 005 | 480 115 |
| 10 538 434 | 11 306 546 |

[illegible]

Annual Remuneration
Performance Bonuses
Cell Phone Allowance
Travel Allowance
Back pay of remuneration
Contributions to UIF, Medical and Pension Fund
Total

| GROUP | |
|------------------|------------------|
| 2011/12 R | 2010/11 R |
| 596 686.22 | 518 478 |
| 108 982.94 | 191 682 |
| 29 928.00 | 28 296 |
| 258 957.72 | 216 236 |
| 36 204.88 | 7 162 |
| 135 106.14 | 123 068 |
| 1 165 866 | 1 084 922 |

Annual Remuneration
Performance Bonuses
Housing subsidy
Cell Phone Allowance
Travel Allowance
Back Pay of Remuneration
Contributions to UIF, Medical and Pension Fund
Total

| GROUP | |
|------------------|----------------|
| 2011/12 R | 2010/11 R |
| 702 216 | 619 082 |
| 78 710 | 47 561 |
| 99 118 | - |
| 29 868 | 46 328 |
| 258 958 | 216 011 |
| 42 722 | 8 399 |
| 31 935 | 20 552 |
| 1 243 526 | 957 932 |

| | |
|--|--|
| Salary | |
| Allowances | |
| Bonus | |
| Contributions to UIF, Medical and Pension Fund | |
| Total | |

| GROUP | |
|------------------|------------------|
| 2011/12 | 2010/11 |
| R | R |
| 908 843 | 890 129 |
| 189 265 | 193 201 |
| 163 681 | 176 298 |
| 156 422 | 117 359 |
| 1 418 211 | 1 376 987 |

| | |
|--|--|
| Salary | |
| Allowances | |
| Leave paid | |
| Bonus | |
| Contributions to UIF, Medical and Pension Fund | |
| Total | |

| | |
|------------------|------------------|
| 1 497 978 | 687 828 |
| 237 718 | 290 955 |
| 49 233 | - |
| 168 710 | 165 092 |
| 229 988 | 100 766 |
| <u>2 183 627</u> | <u>1 244 641</u> |

Executive Mayor
Speaker (one Speaker)
Mayoral Committee Members (eleven members)
Councillors (forty nine councillors)
Councillors pension contribution
Total Councillors' Remuneration

| | |
|-------------------|-------------------|
| 790 113 | 661 426 |
| 620 607 | 526 387 |
| 6 363 816 | 5 327 649 |
| 2 734 893 | 4 310 970 |
| 29 005 | 480 115 |
| <hr/> | <hr/> |
| 10 538 434 | 11 306 546 |

The Executive Mayor, Speaker and Mayoral Committee Members are full -time positions. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has use of one council owned vehicle for official duties, and has a full-time driver/bodyguard.

The salaries, allowances and benefits of the political office-bearers are within the upper limits of the framework as prescribed by section 219 of the Constitution

S Kondlo - terminated in March 2012
L Ntshinga - terminated in March 2012
P Mafuya - terminated in March 2012
P Majeke - terminated in March 2012
NEP Loyilane
Dr V Mkhosana - appointed in March 2012
S Mpambani - appointed in March 2012
A Qunta - appointed in March 2012
S Madala - appointed in March 2012
S Mabandla - appointed in March 2012
Total Directors Remuneration

| | GROUP | |
|----------------|-------|----------------|
| 2011/12 | | 2010/11 |
| R | | R |
| 11 600 | | 22 434 |
| 55 431 | | 56 815 |
| 22 818 | | 33 277 |
| 21 500 | | 31 000 |
| 38 437 | | 40 920 |
| 34 709 | | - |
| 33 340 | | - |
| 34 795 | | - |
| 19 026 | | - |
| - | | - |
| 271 656 | | 184 446 |

J Buchner - terminated in March 2012
P Ncde - terminated in March 2012
S Mbewu - appointed in March 2012
MS Panicker - appointed in March 2012
Total Audit Committee Remuneration

| | |
|-------------------|-------------------|
| 13 000 | 14 000 |
| 4 000 | 8 000 |
| 38 334 | - |
| 19 217 | - |
| 74 551 | 22 000 |
| 10 884 641 | 11 512 992 |

Total Councillors' and Directors' Remuneration

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| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| 37 206 779 | 31 937 369 |
| (37 206 779) | (31 937 369) |
| - | - |
| - | - |

| | |
|--------------|--------------|
| - | - |
| 65 022 198 | 50 606 393 |
| (65 022 198) | (50 606 393) |
| - | - |
| - | - |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | 593 360 |
| 82 757 | 380 807 |
| - | 258 744 |
| - | 225 700 |
| 86 996 | - |
| 84 544 | 364 957 |
| - | 143 415 |
| - | - |
| 254 297 | 1 966 983 |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |

| | |
|---|---|
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

| MUNICIPALITY | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| 1 336 611 | 962 190 |
| 47 733 | 374 421 |
| (937 018) | - |
| 447 326 | 1 336 611 |

25. PAYE AND UIF

Opening balance
Current year payroll deductions
Amount paid-current year
Amount paid-previous year
Balance unpaid included in payables

26. PENSION AND MEDICAL AID DEDUCTIONS

Opening balances
Current year payroll deductions and Council Contributions
Amount paid-current year
Amount paid-previous year
Balance unpaid included in payables

The pension fund contributions disclosed above includes contributions to the defined benefit and defined contribution funds.

27. GRANTS AND SUBSIDIES PAID

Mbhashe Municipality
Mnquma Municipality
Great Kei Municipality
Buffalo City Municipality
Ngqushwa Municipality
Nkonkobe Municipality
Nxuba Municipality
Projects - ASPIRE
Total Grants and Subsidies

The above grants relates to internally funded project allocations to local municipalities and grant expenditure from externally funded grants.

28. TAXATION

28.1 South African normal tax

- Current tax
- Under provision prior year

South African effective and nominal tax rate

28.2 Taxation asset/(liability)

- Amount paid/(payable) at beginning of year
- Current tax
- Transfer of overpaid provisional tax to VAT account
- Interest and penalties received/(paid)
- Interest reversed by SARS
- Overprovision
- Under provision per 2006 assessment
- Less: Paid during the year
Taxation liability

29. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

29.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure
Opening balance
Unauthorised expenditure current year
Approved by Council or condoned
Transfer to receivables for recovery
Unauthorised expenditure awaiting authorisation

29.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure
Opening balance
Fruitless and wasteful expenditure current year
Condoned or written off by Council
Fruitless and wasteful expenditure awaiting condonement

| GROUP | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| 122 880 | 122 880 |
| 38 910 662 | 32 983 447 |
| (38 890 906) | (32 983 447) |
| - | - |
| 142 636 | 122 880 |

| | |
|--------------|--------------|
| - | - |
| 66 078 931 | 50 606 393 |
| (65 983 216) | (50 606 393) |
| - | - |
| 95 715 | - |

| GROUP | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | 593 360 |
| 82 757 | 380 807 |
| - | 258 744 |
| - | 225 700 |
| 86 996 | - |
| 84 544 | 364 957 |
| - | 143 415 |
| 82 582 643 | 60 495 203 |
| 82 836 940 | 62 462 186 |

| GROUP | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| (85 364) | 206 439 |
| - | 601 |
| (85 364) | 207 040 |
| 28% | 28% |

| | |
|-----------|-----------|
| (202 335) | 83 626 |
| (85 364) | (206 439) |
| - | (127 045) |
| - | 5 396 |
| - | 13 460 |
| - | - |
| - | (601) |
| 193 716 | 29 268 |
| (93 983) | (202 335) |

| GROUP | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

| GROUP | |
|--------------|--------------|
| 2011/12 R | 2010/11 R |
| 1 897 062 | 967 795 |
| 351 800 | 929 267 |
| (1 497 469) | - |
| 751 393 | 1 897 062 |

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During August 2011 interest of R43 963.06 was incurred on Telkom accounts. This was as a result of a dispute logged with Telkom regarding previously charged interest and reconnection fees. The dispute was never resolved, yet Telkom continued accumulating interest on the amount in dispute. This matter is currently under investigation.

An amount of R19.58 for interest on late payment of Cape Joint Fund was incurred during May 2012. The matter is currently under investigation.

On the 5 July 2011 the air tickets to Johannesburg for a Councillor to attend a MINMEC were cancelled. As the tickets were already issued, a cancellation fee of R798.00 was charged by the travel agent. The matter has been written off by Council.

During February 2012, interest of R82.52 were incurred as a result of late payment to the Cape Retirement fund. The late payment was as a result of an employee being on unpaid maternity leave and her not being that she was to pay for this amount out of her own pocket. The matter is still to be investigated.

Penalties of R20.00 were incurred during February 2012 as a result of the Private Bag address not being renewed on time. This matter is still to be investigated.

Interest of R2 850.00 was incurred during February 2012 due to late payment of the SABC TV licences and DSTV subscriptions. This matter is still to be investigated.

During August 2010, interest of R55 460.79 was incurred on the rental of the Telkom VPN lines due to late payment. The late payments were due to the billing cycles of the supplier. The matter was investigated by the MPAC and the Council resolved to write off the amount.

During the 2010/11 financial year, the municipality incurred costs of R129 950.96 to hire vehicles for the provision of water services due to the non-delivery of vehicles purchased from service providers appointed by the municipality. These hire costs were deemed to be fruitless and wasteful expenditure. The matter was investigated and a legal opinion was obtained. Council have resolved to treat this expenditure as normal expenditure.

During the 2010/11 financial year, rental of R71 186.56 was incurred for the months of December 2010 and January 2011 for office accommodation in the Metropolitan Building for the Supply Chain Management Unit. The unit however only occupied the premises from February 2011. The ADM investigated the matter and Council resolved to write the matter off.

Rental for the months of December 2010, January 2011 and February 2011 amounting to R117 108.42 was incurred for the premises to be occupied by the Municipal Support Unit. The premises were only occupied during March 2011 due to renovations that took longer than anticipated. The ADM investigated the matter and the Council resolved to write the matter off.

During June 2011, interest of R714.29 was incurred on late payment to Telkom. The ADM has investigated the matter. Awaiting Council resolution for the condonation of this matter on 31 August 2012.

During the 2009/10 financial year, rental costs of R91 835.20, R88 803.16 and R184 207.11 were incurred for the 9th, 14th and ground floors respectively at Caxton House. The matter is awaiting Council approval.

During November 2009, a claim of R562 513.66 was submitted to the ADM for interest incurred on the Ngqushwa Ward 6, 7 & 13 Sanitation project that was originally commenced under the Department of Water Affairs and subsequently transferred to the ADM upon assuming the function of a Water Services Authority. Works were suspended due to budget constraints and non-payment of claims. It was agreed to avoid the contractor withdrawing from the site, and thereby delaying service delivery and incurring further costs, to make the payment. The ADM investigated the matter and the Council resolved that it be written off.

A payment of R34 830.68 was made to a contractor for interest incurred on the construction of the Macleantown sport field and ablation facilities. The interest was to be paid per the ruling of the Mediator. The ADM is to investigate the matter and recover any costs if necessary.

The 2012 amount pertaining to the agency, relates to interest and penalties of R257 872 as a result of April 2008 and February 2009 VAT period audit that was conducted by SARS during the current year while R46 195 relates to interest and penalties incurred in the 2012 financial year.

The 2011 amounts relate to interest and penalties incurred due to disputes with SARS regarding the VAT application pertaining to revenue received. Included in the amount of R530 243 is an amount of R330 901 that has been raised as a penalty. The fruitless and wasteful expenditure of R560 451 was condoned by the Board.

| MUNICIPALITY | |
|----------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 17 344 286 | 16 798 048 |
| - | 546 238 |
| (16 798 048) | - |
| <u>546 238</u> | <u>17 344 286</u> |

29.3 Irregular expenditure

Reconciliation of irregular expenditure
Opening balance
Irregular expenditure current year
Condoned or written off by Council
Irregular expenditure awaiting condonement

During the 2010/11 financial year, breaches on contracts to the value of R546 238 were found. These are being investigated.

During the 2009/10 financial year, deviations on contracts to the value of R16 798 048 were found. These alleged deviations were investigated and it was found that the proper procedures were in fact followed for the approval of these procurements as these items were submitted to the Bid Adjudication Committee for approval. These were mainly extensions of contracts, limited bidding processes and variation orders. The Council resolved to condone the expenditure.

30. INTEREST EARNED - EXTERNAL INVESTMENTS

Unlisted financial assets held to maturity
Cash and cash equivalents
Total interest

| MUNICIPALITY | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 28 480 073 | 28 406 452 |
| 9 466 597 | 11 734 987 |
| <u>37 946 670</u> | <u>40 141 439</u> |

| GROUP | |
|----------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 17 344 286 | 16 798 048 |
| - | 546 238 |
| (16 798 048) | - |
| <u>546 238</u> | <u>17 344 286</u> |

| GROUP | |
|-------------------|-------------------|
| 2011/12 | 2010/11 |
| R | R |
| 29 304 518 | 29 034 419 |
| 9 673 974 | 11 955 189 |
| <u>38 978 492</u> | <u>40 989 608</u> |

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|-------------------|-------------------|
| 2011/12 R | 2010/11 R |
| 27 186 639 | 22 838 226 |
| 312 | 943 |
| 27 186 952 | 22 839 169 |

| MUNICIPALITY | |
|--------------------|-------------------|
| 2011/12 R | 2010/11 R |
| 106 663 740 | 91 900 931 |
| 106 663 740 | 91 900 931 |

| MUNICIPALITY | |
|----------------|----------------|
| 2011/12 R | 2010/11 R |
| 114 991 | 194 142 |
| 114 991 | 194 142 |

| MUNICIPALITY | |
|--------------------|--------------------|
| 2011/12 R | 2010/11 R |
| 217 381 220 | 195 573 455 |
| (996 830) | (321 175) |
| 88 673 610 | 76 608 463 |
| - | - |
| 4 393 962 | - |
| 1 044 604 | 8 947 290 |
| 106 663 740 | 91 900 930 |
| 28 593 516 | 6 486 862 |
| 445 743 822 | 379 195 825 |
| (2 122 507) | (2 701 185) |
| (145 862 876) | (94 668 852) |
| 48 837 396 | (6 486 679) |
| 46 058 105 | 20 051 039 |
| (3 223 808) | (7 031 413) |
| 19 350 923 | (22 127 297) |
| 408 781 053 | 266 231 440 |

| MUNICIPALITY | |
|-------------------|-------------------|
| 2011/12 R | 2010/11 R |
| - | 1 823 109 |
| - | 1 403 727 |
| 18 076 288 | 60 410 000 |
| - | 726 394 |
| 18 076 288 | 64 363 230 |

| MUNICIPALITY | |
|--------------------|--------------------|
| 2011/12 R | 2010/11 R |
| 418 761 473 | 352 859 290 |
| 397 062 599 | 338 771 276 |
| 11 485 554 | 5 503 046 |
| 10 213 320 | 8 584 968 |
| 418 761 473 | 352 859 290 |

| | |
|-------------|-------------|
| 354 927 031 | 306 062 696 |
| 63 834 442 | 46 796 592 |

31. INTEREST EARNED - OUTSTANDING RECEIVABLES

Water and sanitation
Loans receivable

32. BAD DEBTS

Bad debts consists of the following:
Contribution to doubtful debts

During the current financial year, the municipality wrote off R270 944 531 debt that was deemed irrecoverable. The write off was subject to Council approval. This amount was debited directly against the provision for doubtful debts.

33. FINANCE COSTS

Finance leases
SARS
Total finance costs

34. CASH GENERATED FROM OPERATIONS

Surplus for the year
Adjustments for non-cash flow items:
Disposal of property, plant and equipment
Depreciation and amortisation
Taxation paid
Contributions to provisions - non current
Contributions to provisions - current
Contribution to doubtful debt provision
Contribution to defined benefit obligation
Operating surplus before working capital changes
Increase in inventories
Increase in trade and other debtors
(Decrease)/increase in conditional grants and receipts
Increase in trade and other payables
Provisions paid
Decrease/(increase) in VAT receivable
Cash generated from operations

35. MATERIAL LOSSES

Housing inventory
Revenue
Water distribution losses
Property, plant and equipment

Water distribution losses

The amount recorded as distribution losses emanates from the provision of water to free basic services beneficiaries through communal standpipes and also network/distribution losses due to burst pipes and other leakages.

36. COMMITMENTS

36.1. Commitments in respect of capital expenditure

- Approved and contracted for

Infrastructure
Community
Other- Land and buildings

Total commitments

This expenditure will be financed from:

- Government Grants
- Own resources

| GROUP | |
|-------------------|-------------------|
| 2011/12 R | 2010/11 R |
| 27 186 639 | 22 838 226 |
| 312 | 943 |
| 27 186 951 | 22 839 169 |

| GROUP | |
|--------------------|-------------------|
| 2011/12 R | 2010/11 R |
| 106 663 740 | 91 900 931 |
| 106 663 740 | 91 900 931 |

| GROUP | |
|----------------|----------------|
| 2011/12 R | 2010/11 R |
| 114 991 | 194 142 |
| 304 067 | 530 408 |
| 419 058 | 724 550 |

| GROUP | |
|--------------------|--------------------|
| 2011/12 R | 2010/11 R |
| 216 195 565 | 198 296 513 |
| (1 032 846) | (319 127) |
| 88 856 232 | 76 713 247 |
| (193 716) | - |
| 4 393 962 | - |
| 1 044 604 | 9 020 581 |
| 106 663 740 | 91 900 931 |
| 28 593 516 | 6 486 862 |
| 444 511 057 | 382 099 007 |
| (2 122 507) | (2 701 186) |
| (144 119 565) | (94 924 609) |
| 63 396 138 | 3 884 376 |
| 46 258 198 | 19 640 519 |
| (3 243 189) | (7 031 413) |
| 19 350 923 | (21 127 919) |
| 424 022 054 | 279 838 776 |

| GROUP | |
|-------------------|-------------------|
| 2011/12 R | 2010/11 R |
| - | 1 823 109 |
| - | 1 403 727 |
| 18 076 288 | 60 410 000 |
| - | 726 394 |
| 18 076 288 | 64 363 230 |

| GROUP | |
|--------------------|--------------------|
| 2011/12 R | 2010/11 R |
| 470 354 566 | 408 051 735 |
| 397 062 599 | 338 771 276 |
| 63 078 647 | 60 695 491 |
| 10 213 320 | 8 584 968 |
| 470 354 566 | 408 051 735 |

| | |
|-------------|-------------|
| 406 520 124 | 361 255 141 |
| 63 834 442 | 46 796 592 |

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| | |
|-------------|-------------|
| 418 761 473 | 352 859 288 |
|-------------|-------------|

| | |
|------------|------------|
| 11 572 680 | 6 022 521 |
| 4 628 489 | 4 344 677 |
| - | - |
| 16 201 169 | 10 367 198 |

| MUNICIPALITY | |
|--------------|---------|
| 2011/12 | 2010/11 |
| R | R |
| 45 248 | 73 839 |
| 267 165 | 155 670 |
| 134 007 | 167 231 |
| 446 420 | 396 740 |

| MUNICIPALITY | |
|--------------|---------|
| 2011/12 | 2010/11 |
| R | R |
| 588 308 | 588 308 |
| 3 310 894 | - |
| 3 899 202 | 588 308 |

| MUNICIPALITY | |
|--------------|---------|
| 2011/12 | 2010/11 |
| R | R |

The comparative figure for capital commitments has been restated refer note 39.2.

36.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - as lessee (expense)

Minimum lease payments due

-within one year
-in second to fifth year inclusive
-later than five years

| | |
|-------------|-------------|
| 470 354 566 | 408 051 733 |
|-------------|-------------|

| | |
|------------|------------|
| 12 244 773 | 6 533 648 |
| 4 854 710 | 4 533 416 |
| - | - |
| 17 099 483 | 11 067 065 |

Operating lease payments represent rentals payable for rental of certain office properties and office equipment. Leases are negotiated for an average term of 3 years and rentals escalate on average at 10% p.a. No contingent rent is payable.

Operating leases – as lessor (income)

Minimum lease payments due

-within one year
-in second to fifth year inclusive
-later than five years

| GROUP | |
|---------|---------|
| 2011/12 | 2010/11 |
| R | R |
| 45 248 | 73 839 |
| 267 165 | 155 670 |
| 134 007 | 167 231 |
| 446 420 | 396 740 |

Operating lease payments represent rentals receivable by the Municipality for certain of its properties situated in Stutterheim, Komga, Cathcart, Adelaide and Macleantown. No contingent rent is payable.

Leases are negotiated for an average of 5 years and rentals escalate by an average of 12% annually.

37. CONTINGENT LIABILITIES AND ASSETS

37.1 CONTINGENT LIABILITIES

The following contingent liabilities have been disclosed and not recognised:

37.1.1 Legal claims

Two legal claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful is disclosed.

Legal disputes relate to:

Claims for damages
Compensation for work performed by a contractor

| GROUP | |
|-----------|---------|
| 2011/12 | 2010/11 |
| R | R |
| 588 308 | 588 308 |
| 3 310 894 | - |
| 3 899 202 | 588 308 |

37.1.2 Cape Joint Pension Fund

In terms of Rule 17(5) of the fund's rules pertaining to the Defined Benefit Section (Part A of the Rules), local authorities associated with the Fund are under an obligation to contribute pro rata to the Fund such a sum as will make up for any shortfall between actual earnings and an investment return of 5.5% on all its assets. The fund reported an actual investment return of - 0.94% on the 28th October 2009.

37.1.3 TASK Grade

The job evaluation committee has received applications from employees to have their jobs re-graded and are in the process of re-grading. However, the amount and timing is uncertain as the re-grading is subject to an audit. The final outcome is dependant on the findings of the audit. Job Evaluation Unit has calculated a rough estimate of R2 250 000. The new SALGA Job Evaluation Policy specifies that all results must be audited by Provincial Audit Committees (PACs). These Committees are in the process of being formulated by SALGA. The job evaluation results from the ADM Grading Committee will be submitted to the PAC once it has been finally constituted. At this stage there is no indication for the timeline for this process.

37.1.4 Application of TASK Grade Wage Curve

Subsequent to the publication of the Categorization and Pay Curve Collective Agreement of 2010, the labour components issued a dispute regarding the actual pay curve. This was related to potentially increasing the pay curve as published by a figure of 8.48%. The dispute was heard by a Labour Court Judge and on 22 July 2012 a court order was issued which increased the original pay curve as mentioned above by the figure of 8.48%. SALGA, subsequent to this date, appealed this court order and the matter still has to be heard by the relevant judiciary officials. Potentially should SALGA not succeed and the court order be implemented it will have significant financial repercussions for all employees at ADM, with the exception of Section 57 Managers, potentially all affected employees will receive back pay for a period of at least 24 months from July 2010 to the date of the implementation of the court order, as well as a further 9 months which was included as a back pay clause in the above mentioned Collective Agreement. It is difficult to estimate what the final value of this would be, but will likely be in the excess of R15 million. Therefore ADM needs to allow for a contingent liability until the matter is finally resolved.

| GROUP | |
|---------|---------|
| 2011/12 | 2010/11 |
| R | R |

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| | |
|------------------|----------------|
| 500 595 | 500 595 |
| 51 619 | 51 619 |
| 1 198 370 | - |
| 1 750 584 | 552 214 |

| MUNICIPALITY | |
|--------------|------------|
| 2011/12 | 2010/11 |
| R | R |
| - | (503 630) |
| 11 500 000 | 10 000 000 |
| 71 450 000 | 42 405 413 |
| - | 1 315 789 |

| MUNICIPALITY | |
|--------------|--------------------|
| 2011/12 | 2010/11 |
| | (5 077 297) |
| | (6 010 983) |
| 12823716 | 12823716 |
| (1 735 436) | (1 735 436) |
| | 5 077 297 |

| MUNICIPALITY | |
|--------------|----------------------|
| 2011/12 | 2010/11 |
| | (5 077 297) |
| | (130 864 914) |
| | (2 186 341) |
| | (1 429 863) |
| | (134 481 118) |

37.2 CONTINGENT ASSET

The following contingent asset has been disclosed and not recognised as the outcome is dependent on a legal ruling:

Non-performance on a contract
Contractual dispute
Breach of contract

| | |
|------------------|----------------|
| 500 595 | 500 595 |
| 51 619 | 51 619 |
| 1 198 370 | - |
| 1 750 584 | 552 214 |

38. RELATED PARTIES

Relationships

Subsidiary / Municipal entity

Refer to Note 4.1

Related party balances

Owing by (to) Amathole Economic Development Agency (Proprietary) Limited t/a ASPIRE

| GROUP | |
|---------|---------|
| 2011/12 | 2010/11 |
| R | R |
| - | - |
| - | - |
| - | - |
| - | - |

Related Party Transactions

Funding provided to Amathole Economic Development Agency for the operations of the agency

The account operates on a current account basis, i.e. the Agency's service providers are paid by the municipality on the Agency's behalf. No financial benefit accrues to the Agency or the municipality.

Funds transferred to AEDA for implementation of NDPG project

Funds transferred to AEDA for implementation of Essential Oils Project

No financial benefit accrues to the Agency or the municipality

39. PRIOR YEAR ADJUSTMENTS

39.1. Correction of Error

The comparative amounts have been restated as follows:

Errors affecting accumulated surplus 2010/11
Increasing accumulated surplus
Effect on the Statement of Financial Performance
Increase in service charges
Effect on the Statement of Financial Position
Increase in consumer debtors
Decrease in VAT receivable

| GROUP | |
|-------------|--------------------|
| 2011/12 | 2010/11 |
| | (5 077 297) |
| | (6 010 983) |
| 12823716 | 12823716 |
| (1 735 436) | (1 735 436) |
| | 5 077 297 |

39.1.1 Revenue - service charges

On 1 July 2006 the municipality assumed responsibility for the provision of water and sanitation services as required by Government Notice 849 issued in terms of section 84(3)(a) of the Municipal Structures Act, 1998 (Act No. 117 of 1998). The municipality embarked on a data cleansing exercise to cleanse the debtor databases that were taken on from the local municipalities. During the data cleansing exercise it was found that consumer accounts taken over from the local municipalities were incorrect. Hence revenue was misstated.

In addition the municipality was uncertain as to the ownership of vacant stands on the debtors database, hence these were not billed. During the current year, the ownership was investigated and confirmed through the use of the Deeds Office, valuation rolls the service coverage survey. These accounts are now being billed. During the period of Indigent Write offs and correction of sundry consumers a VAT tariff was incorrectly applied. It was found that Indigent subsidies and Indigent tariffs were incorrectly applied for certain indigent consumers during the prior financial year.

The error was corrected in the current financial year and was adjusted for retrospectively.

Net increase in accumulated surplus

39.2 Restatement of comparative figures

The comparative figure for capital commitments was restated due to errors identified in the contract amounts and related expenditure recorded in the register. This restatement only impacts disclosure and thus has no effect on the Statement of Financial Position or Statement of Financial Performance.

The figures have been restated as follows:

Decrease in Infrastructure
Decrease in Community
Decrease in Other

| GROUP | |
|---------|----------------------|
| 2011/12 | 2010/11 |
| | (5 077 297) |
| | (130 864 914) |
| | (2 186 341) |
| | (1 429 863) |
| | (134 481 118) |

40. FINANCIAL INSTRUMENTS

Categories of financial instruments

2012 Financial Year - MUNICIPALITY

| | Loans and receivables | Financial liabilities at amortised cost | Held to Maturity Investments | Investments at cost | Total |
|---|-----------------------|--|---------------------------------|---------------------|-------------|
| | R | R | R | R | R |
| Non Current Assets | | | | | |
| Investment in Subsidiary | | | | 1 000 | 1 000 |
| Long term receivables | 701 238 | | | | 701 238 |
| Current Assets | | | | | |
| Consumer debtors | 102 443 054 | | | | 102 443 054 |
| Other receivables | 4 422 761 | | | | 4 422 761 |
| VAT | 21 864 848 | | | | 21 864 848 |
| Investments | | | 471 109 428 | | 471 109 428 |
| Cash and cash equivalents | 346 293 276 | | | | 346 293 276 |
| Short term portion of long term debt | 6 893 | | | | 6 893 |
| Non Current Liabilities | | | | | |
| Finance lease liability | | 298 561 | | | 298 561 |
| Operating lease liability | | 471 582 | | | 471 582 |
| Current liabilities | | | | | |
| Trade and other payables | | 174 441 257 | | | 174 441 257 |
| Provisions | | 1 044 604 | | | 1 044 604 |
| Short term portion of finance lease liability | | 471 709 | | | 471 709 |
| Consumer deposits | | 1 772 978 | | | 1 772 978 |
| Unspent conditional grants | | 169 834 335 | | | 169 834 335 |

2011 Financial Year - MUNICIPALITY

| | Loans and receivables | Financial liabilities at amortised cost | Held to Maturity Investments | Investments at cost | Total |
|---|-----------------------|--|---------------------------------|---------------------|-------------|
| | R | R | R | R | R |
| Non Current Assets | | | | | |
| Investment in Subsidiary | | | | 1 000 | 1 000 |
| Long term receivables | 661 900 | | | | 661 900 |
| Current Assets | | | | | |
| Consumer debtors | 63 593 498 | | | | 63 593 498 |
| Other receivables | 4 073 181 | | | | 4 073 181 |
| VAT | 41 215 771 | | | | 41 215 771 |
| Investments | | | 466 189 906 | | 466 189 906 |
| Cash and cash equivalents | 291 721 116 | | | | 291 721 116 |
| Short term portion of long term debt | 6 625 | | | | 6 625 |
| Non Current Liabilities | | | | | |
| Finance lease liability | | 537 614 | | | 537 614 |
| Operating lease liability | | 281 579 | | | 281 579 |
| Current liabilities | | | | | |
| Trade and other payables | | 128 573 153 | | | 128 573 153 |
| Provisions | | 3 223 809 | | | 3 223 809 |
| Short term portion of finance lease liability | | 503 553 | | | 503 553 |
| Consumer deposits | | 1 599 907 | | | 1 599 907 |
| Unspent conditional grants | | 120 996 939 | | | 120 996 939 |

2012 Financial Year - GROUP

| | Loans and receivables | Financial liabilities at amortised cost | Held to Maturity Investments | Investments at cost | Designated as at fair value through profit or loss | Total |
|---|-----------------------|--|---------------------------------|---------------------|--|-------------|
| | R | R | R | R | R | R |
| Non Current Assets | | | | | | |
| Investment in Subsidiary | | | | - | | - |
| Long term receivables | 701 238 | | | | | 701 238 |
| Current Assets | | | | | | |
| Consumer debtors | 102 443 054 | | | | | 102 443 054 |
| Other receivables | 4 635 391 | | | | | 4 635 391 |
| VAT | 21 864 848 | | | | | 21 864 848 |
| Investments | | | 471 109 428 | | | 471 109 428 |
| Cash and cash equivalents | 372 133 412 | | | | 12 477 373 | 384 610 785 |
| Short term portion of long term debt | 6 893 | | | | | 6 893 |
| Non Current Liabilities | | | | | | |
| Finance lease liability | | 298 561 | | | | 298 561 |
| Operating lease liability | | 525 173 | | | | 525 173 |
| Current liabilities | | | | | | |
| Trade and other payables | | 174 995 473 | | | | 174 995 473 |
| Provisions | | 1 354 432 | | | | 1 354 432 |
| Short term portion of finance lease liability | | 471 709 | | | | 471 709 |
| Consumer deposits | | 1 772 978 | | | | 1 772 978 |
| Unspent conditional grants | | 202 743 343 | | | | 202 743 343 |

2011 Financial Year - GROUP

| | Loans and receivables | Financial liabilities at amortised cost | Held to Maturity Investments | Investments at cost | Designated as at fair value through profit or loss | Total |
|--------------------------------------|-----------------------|--|---------------------------------|---------------------|--|-------------|
| | R | R | R | R | R | R |
| Non Current Assets | | | | | | |
| Long term receivables | 661 900 | | | | | 661 900 |
| Investment in Subsidiary | | | | - | | - |
| Current Assets | | | | | | |
| Consumer debtors | 63 593 498 | | | | | 63 593 498 |
| Other receivables | 6 030 122 | | | | | 6 030 122 |
| VAT | 41 215 771 | | | | | 41 215 771 |
| Investments | | | 466 189 906 | | | 466 189 906 |
| Cash and cash equivalents | 306 306 024 | | | | 8 608 263 | 314 914 287 |
| Short term portion of long term debt | 6 625 | | | | | 6 625 |
| Non Current Liabilities | | | | | | |
| Finance lease liability | | 537 614 | | | | 537 614 |
| Operating lease liability | | 314 916 | | | | 314 916 |
| Current liabilities | | | | | | |
| Trade and other payables | | 128 816 083 | | | | 128 816 083 |
| Provisions | | 3 553 018 | | | | 3 553 018 |
| Short term portion | | 503 553 | | | | 503 553 |
| Consumer deposits | | 1 599 907 | | | | 1 599 907 |
| Unspent conditional grants | | 139 357 205 | | | | 139 357 205 |

41. RISK MANAGEMENT

Exposure to interest rate, credit risk and liquidity risks arise in the normal course of the municipality's operations. The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities.

This note presents information regarding the municipality's exposure to credit risk, market risk and liquidity risk. Further quantitative disclosures are included throughout these financial statements.

41.1. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of only dealing with creditworthy parties. The municipality only transacts with entities that have an appropriate credit rating. This information is supplied by independent rating agencies where available, if not available, the entity uses other publicly available financial information and its own trading records to rate its major customers. The municipality's exposure and the credit ratings of its customers are continuously monitored.

Financial assets, that potentially subject the municipality to credit risk, consist principally of cash and cash equivalents, short-term deposits, loans and receivables, investments and trade and other receivables. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Credit exposure is controlled by the application of the municipality's credit control and debt collection policies. Adequate provision has been made for anticipated doubtful debts.

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To manage credit risk in borrowing and investing, the municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions and by spreading its exposure over a range of such institutions in accordance with its investment policies. The municipal entity determines concentrations of credit risk by reference to major counter-parties. Counter-parties comprise large South African banks with high quality credit ratings.

Maximum exposure to credit risk

The carrying amount of financial assets, represent the entity's maximum exposure to credit risk in relation to these assets. The municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking into account the value of any collateral obtained:

| R | R |
|--------------------|--------------------|
| 199 178 031 | 145 394 090 |
| 147 106 245 | 145 810 057 |
| - | - |
| 471 109 428 | 466 189 906 |
| 102 443 054 | 63 593 498 |
| 4 422 761 | 4 073 181 |
| 701 238 | 661 900 |
| 924 960 753 | 825 722 633 |
| 130 000 | 130 000 |
| 130 000 | 130 000 |

ABSA Bank Limited
Standard Bank Limited
ABSA Bank Limited
Investments
Trade receivables
Other receivables
Long term receivables

| R | R |
|--------------------|--------------------|
| 209 392 827 | 154 820 696 |
| 147 106 245 | 145 810 057 |
| 28 100 843 | 11 355 299 |
| 471 109 428 | 466 189 906 |
| 102 443 054 | 63 593 498 |
| 4 635 391 | 6 030 122 |
| 701 238 | 661 900 |
| 963 489 025 | 848 461 478 |
| 130 000 | 130 000 |
| 130 000 | 130 000 |

The municipality is exposed to the following guarantees:

Guarantees in lieu of Eskom and the Post office

Credit quality

The following represents information on the credit quality of trade receivables that are neither past due nor impaired:

| | 2012 | 2011 | |
|---|------|------|---------------------|
| A | 22% | 8% | Government Accounts |
| B | 12% | 6% | Businesses |
| C | 66% | 87% | Domestic and other |

Analysis of table:

A - The debtors are of good credit quality and no default in payment is expected.

B - The debtors are usual good payers, but there is a possibility that the debtor may not be able to pay on time

C - These debtors usually pay, but have previously paid late and therefore there is a possibility that these debtors will not be recoverable.

Age analysis of financial assets that are past due but not impaired:

| | 1 - 30 days past due | 31 - 60 days past due | 61 - 90 days past due | 91 - 120 days past due | 120 plus days past due | Total |
|-------------------|----------------------|-----------------------|-----------------------|------------------------|------------------------|-------------------|
| 2012 | R | R | R | R | R | R |
| Trade receivables | 39 350 755 | 10 151 222 | 5 465 357 | 2 445 827 | 18 860 287 | 76 273 448 |
| 2011 | | | | | | |
| Trade receivables | 21 417 310 | 7 119 725 | 3 530 146 | 1 624 305 | 29 902 013 | 63 593 498 |

Impaired financial assets

Refer to trade receivables note for an analysis of the impaired receivables.

41.2 Market risk management

The municipality's activities expose it primarily to the risks of fluctuations in interest rate.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how surplus and/or net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

41.2.1 Interest rate risk management

At year end financial assets exposed to interest rate risk were as follows:

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with South African prime rate. The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus / deficit.

Investments at fixed interest rates.

Trade debtors in arrears are linked to South African prime rate plus two percent.

Loans granted are linked to a fixed rate of interest.

Surplus funds are invested with banks for fixed terms on fixed interest rates not exceeding one year. For details refer Note 4.

At year end, financial liabilities exposed to interest rate risk were as follows:

Finance leases linked to South African prime rate.

Management manages interest rate risk by negotiating beneficial rates on floating rate loans.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date.

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For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite % adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below. The disclosure only indicates the effect of the change in interest rate on surplus.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis for one year to the next.

MUNICIPALITY

| | 2012 | 2011 |
|--|-----------|-----------|
| The estimated increase rates | | |
| The estimated increase in basis points | 200 | 200 |
| Effect on Net Surplus | 1 300 373 | 1 255 729 |

GROUP

| | 2012 | 2011 |
|--|-----------|-----------|
| The estimated increase rates | | |
| The estimated increase in basis points | 200 | 200 |
| Effect on Net Surplus | 1 323 309 | 1 276 576 |

Foreign exchange risk

The group has no material exposure to foreign exchange risk.

42. Liquidity risk management

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due. The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts and budgets are prepared and adequate utilised borrowing facilities are monitored.

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to liquidity risk, the approach of measurement or the objectives, policies and processes for managing this risk.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows of financial liabilities.

| 2012 - MUNICIPALITY | 1-3 months | 4-6 months | 7-9 months | 10-12 months | Later than 12 months | Total |
|--------------------------|-------------|------------|------------|--------------|----------------------|-------------|
| | R | R | R | R | R | R |
| Trade and other payables | 101 358 210 | - | 55 322 997 | 17 760 050 | - | 174 441 257 |
| Other | - | - | - | 1 044 604 | 13 167 468 | 14 212 072 |

| 2011 - MUNICIPALITY | 1-3 months | 4-6 months | 7-9 months | 10-12 months | Later than 12 months | Total |
|--------------------------|------------|------------|------------|--------------|----------------------|-------------|
| | R | R | R | R | R | R |
| Trade and other payables | 55 440 192 | - | 58 665 881 | 14 467 081 | - | 128 573 153 |
| Other | 2 318 355 | - | - | 905 453 | 8 773 507 | 11 997 315 |

| 2012 - GROUP | 1-3 months | 4-6 months | 7-9 months | 10-12 months | Later than 12 months | Total |
|--------------------------|-------------|------------|------------|--------------|----------------------|-------------|
| | R | R | R | R | R | R |
| Trade and other payables | 101 358 210 | - | 55 348 015 | 18 289 248 | - | 174 995 473 |
| Other | - | - | - | 1 354 432 | 13 167 468 | 14 521 900 |

| 2011 - GROUP | 1-3 months | 4-6 months | 7-9 months | 10-12 months | Later than 12 months | Total |
|--------------------------|------------|------------|------------|--------------|----------------------|-------------|
| | R | R | R | R | R | R |
| Trade and other payables | 54 936 562 | - | 59 189 089 | 14 690 432 | - | 128 816 083 |
| Other | 2 318 355 | - | - | 1 234 662 | 8 773 507 | 12 326 524 |

| 2012 | 0-1 year | 1 - 2 years | 2 - 5 years | 5 years and later | Total |
|-------------------------|----------|-------------|-------------|-------------------|---------|
| | R | R | R | R | R |
| Finance lease liability | 520 934 | 313 471 | - | - | 834 405 |

| 2011 | 0-1 year | 1 - 2 years | 2 - 5 years | 5 years and later | Total |
|-------------------------|----------|-------------|-------------|-------------------|-----------|
| | R | R | R | R | R |
| Finance lease liability | 578 020 | 573 869 | - | - | 1 151 889 |

43. SUPPLY CHAIN MANAGEMENT POLICY

The Municipal Manager has the power to authorise deviations from the normal Procurement Process. Contracts awarded in terms of deviations from and ratification of minor breaches of procurement processes of the Supply Chain Management policy amounted to R233 519 253.

SUMMARY OF SUPPLY CHAIN MANAGEMENT DEVIATIONS RATIFIED

| TYPE | AMOUNT |
|-------------------------|--------------------|
| Emergency Procurement | 17 473 193 |
| Sole Service Providers | 243 619 |
| Other exceptional cases | 215 802 441 |
| TOTAL | 233 519 253 |

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44. NON-COMPLIANCE WITH THE MUNICIPAL FINANCE MANAGEMENT ACT

44.1 NON-COMPLIANCE WITH SECTION 71(1) AND 54(1)(a) OF THE MUNICIPAL FINANCE MANAGEMENT ACT

The monthly budget statements were submitted to the Mayor, National and Provincial Treasury. However the reports were not submitted within 10 working days after month end.

45. EVENTS AFTER THE REPORTING DATE

No significant events after the reporting date.

46. COMPARISON WITH THE BUDGET

The group is to provide information as whether its resources were obtained and used in accordance with the adopted budget.

The municipal budget was approved by Council on 29 April 2011. The entity's budget was approved by the Board of Directors on 18 April 2011 and submitted to the parent municipality on 7 May 2011.
A comparison of the budget and actual amounts is as follows:

46.1. Statement of comparative and actual information

| MUNICIPALITY | 2011/12 | | | | | | | Actual outcome as % of final budget | Actual outcome as % of original budget |
|--|----------------------|--------------------|--------------------|----------------------|----------------------|--------------------------|----------------------|-------------------------------------|--|
| Description | Original budget | Budget Adjustments | Virements | Final budget | Actual outcome | Unauthorised expenditure | Variance | | |
| R | R | R | R | R | R | R | R | % | % |
| Financial Performance | | | | | | | | | |
| Service charges | 127 751 517 | - | - | 127 751 517 | 172 646 918 | - | 44 895 401 | 135 | 135 |
| Investment income | 20 000 000 | - | - | 20 000 000 | 37 946 670 | - | 17 946 670 | 190 | 190 |
| Transfers recognised - operational | 921 419 753 | (1 123 000) | - | 920 296 753 | 871 357 500 | - | (48 939 253) | 95 | 95 |
| Other own revenue | 235 671 342 | 182 470 715 | - | 418 142 057 | 75 981 945 | - | (342 160 112) | 18 | 32 |
| | | | | - | | | | | |
| Total revenue | 1 304 842 612 | 181 347 715 | - | 1 486 190 327 | 1 157 933 033 | - | (328 257 294) | 78 | 89 |
| Employee costs | 328 057 274 | - | 1 713 155 | 329 770 429 | 312 630 431 | - | (17 139 998) | 95 | 95 |
| Remuneration councillors | 13 080 449 | - | (1 865 397) | 11 215 052 | 10 538 434 | - | (676 618) | 94 | 81 |
| Debt impairment | 71 760 328 | - | 37 981 384 | 109 741 712 | 106 663 740 | - | (3 077 972) | 97 | 149 |
| Depreciation & asset impairment | 84 285 248 | - | 5 188 041 | 89 473 289 | 88 673 610 | - | (799 679) | 99 | 105 |
| Finance charges | 118 062 | - | 38 401 | 156 463 | 114 991 | - | (41 472) | 73 | 0 |
| Materials and bulk purchases | 60 480 924 | - | (11 766 445) | 48 714 479 | 45 859 269 | - | (2 855 210) | 94 | 76 |
| Transfers and grants | - | 1 564 560 | - | 1 564 560 | 254 297 | - | (1 310 263) | 0 | 0 |
| Other expenditure | 330 924 843 | 179 783 155 | (24 168 787) | 486 539 211 | 376 813 869 | - | (109 725 342) | 77 | 114 |
| Total expenditure | 888 707 128 | 181 347 715 | 7 120 352 | 1 077 175 195 | 941 548 642 | - | (135 626 553) | 87 | 106 |
| Surplus | 416 135 484 | - | (7 120 352) | 409 015 132 | 216 384 391 | - | (192 630 741) | 53 | 52 |
| Transfers recognised capital | - | - | - | - | 996 830 | - | 996 830 | - | - |
| Contributions recognised - capital & contributed assets | - | - | - | - | - | - | - | - | - |
| Surplus after capital transfers & contributions | 416 135 484 | - | (7 120 352) | 409 015 132 | 217 381 221 | - | (191 633 911) | 53 | 52 |
| Share of surplus/(deficit) of associate | - | - | - | - | - | - | - | - | - |
| Surplus for the year | 416 135 484 | - | (7 120 352) | 409 015 132 | 217 381 221 | - | (191 633 911) | 53 | 52 |
| Capital expenditure & funds sources | | | | | | | | | |
| Capital expenditure | | | | | | | | | |
| Transfers recognised capital | 362 027 193 | - | - | 362 027 193 | 377 911 637 | - | 15 884 444 | 104 | - |
| Public contributions & donations | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 54 108 295 | - | (7 120 352) | 46 987 943 | 54 108 295 | - | 7 120 352 | 115 | 100 |
| Total sources of capital funds | 416 135 488 | - | (7 120 352) | 409 015 136 | 432 019 932 | - | 23 004 796 | 220 | 100 |
| Cash flows | | | | | | | | | |
| Net cash from/(used) operating | | | | | 408 781 053 | - | | | |
| Net cash from/(used) investing | | | | | (354 111 068) | - | | | |
| Net cash from/(used) financing | | | | | (97 825) | - | | | |
| Cash/cash equivalents at the beginning of the year | | | | | 291 721 116 | | | | |
| Cash/cash equivalents at the end of the year | | | | | 346 293 276 | | | | |

The comparison of the Municipality's actual financial performance with that budgeted with variance explanations are set out in Annexures E(1) and E(2)

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| GROUP | | 2011/12 | | | | | | Actual outcome as % of final budget | Actual outcome as % of original budget |
|--|----------------------|--------------------|--------------------|----------------------|----------------------|--------------------------|----------------------|-------------------------------------|--|
| Description | Original budget | Budget Adjustments | Virements | Final budget | Actual outcome | Unauthorised expenditure | Variance | | |
| R | R | R | R | R | R | R | R | % | % |
| Financial Performance | | | | | | | | | |
| Service charges | 127 751 517 | - | - | 127 751 517 | 172 646 918 | - | 44 895 401 | 135 | 135 |
| Investment income | 20 874 416 | - | - | 20 874 416 | 38 978 492 | - | 18 104 076 | 187 | 187 |
| Transfers recognised - operational | 1 042 542 314 | (1 123 000) | - | 1 041 419 314 | 950 873 951 | - | (90 545 363) | 91 | 91 |
| Other own revenue | 236 251 594 | 182 470 715 | - | 418 722 309 | 76 497 233 | - | (342 225 076) | 18 | 32 |
| Total revenue | 1 427 419 841 | 181 347 715 | - | 1 608 767 556 | 1 238 996 594 | - | (369 770 962) | 77 | 87 |
| Employee costs | 335 637 199 | - | 1 713 155 | 337 350 354 | 320 203 563 | - | (17 146 791) | 95 | 95 |
| Remuneration councillors | 13 390 473 | - | (1 865 397) | 11 525 076 | 10 884 641 | - | (640 435) | 94 | 81 |
| Debt impairment | 71 760 328 | - | 37 981 384 | 109 741 712 | 106 663 740 | - | (3 077 972) | 97 | 149 |
| Depreciation & asset impairment | 84 454 248 | - | 5 188 041 | 89 642 289 | 76 713 247 | - | (12 929 042) | 86 | 91 |
| Finance charges | 118 062 | - | 38 401 | 156 463 | 419 058 | - | 262 595 | 268 | 0 |
| Materials and bulk purchases | 60 480 924 | - | (11 766 445) | 48 714 479 | - | - | (48 714 479) | 0 | 0 |
| Transfers and grants | 122 372 306 | 1 564 560 | - | 123 936 866 | 82 836 940 | - | (41 099 926) | 0 | 0 |
| Other expenditure | 323 509 415 | 179 783 155 | (24 168 787) | 479 123 783 | 413 969 700 | - | (65 154 083) | 86 | 128 |
| Total expenditure | 1 011 722 955 | 181 347 715 | 7 120 352 | 1 200 191 022 | 1 011 690 890 | - | (188 500 132) | 84 | 100 |
| Surplus/(Deficit) | 415 696 886 | - | (7 120 352) | 408 576 534 | 227 305 704 | - | (181 270 830) | 56 | 55 |
| Transfers recognised capital | - | - | - | - | 1 157 351 | - | 1 157 351 | 0 | 0 |
| Contributions recognised - capital & contributed assets | | | | | | | | | |
| Surplus/(Deficit) after capital transfers & contributions | 415 696 886 | - | (7 120 352) | 408 576 534 | 228 463 055 | - | (180 113 479) | 56 | 55 |
| Share of surplus/(deficit) of associate | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | 415 696 886 | - | -7 120 352 | 408 576 534 | 228 463 055 | - | (180 113 479) | 56 | 55 |
| Capital expenditure & funds sources | | | | | | | | | |
| Capital expenditure | | | | | | | | | |
| Transfers recognised capital | 362 027 193 | - | - | 362 027 193 | - | - | (362 027 193) | - | - |
| Public contributions & donations | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 53 942 693 | - | (7 120 352) | 46 822 341 | 53 942 693 | - | 7 120 352 | 115 | 100 |
| Total sources of capital funds | 415 969 886 | - | (7 120 352) | 408 849 534 | 53 942 693 | - | (354 906 841) | 115 | 100 |
| Cash flows | | | | | | | | | |
| Net cash from/(used) operating | | | | | 424 022 054 | - | | | |
| Net cash from/(used) investing | | | | | (354 227 731) | - | | | |
| Net cash from/(used) financing | | | | | (97 826) | - | | | |
| Cash/cash equivalents at the end of the year | | | | | 69 696 498 | | | | |

Management is of the opinion that expenditure is effectively managed and that current processes and controls ensure that budgeted expenditure are not exceeded.

The comparison of the Municipality's actual financial performance with that budgeted with variance explanations are set out in Annexures E(1) and E(2)

APPENDIX A
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
SCHEDULE OF EXTERNAL LOANS
AS AT 30 JUNE 2012

| EXTERNAL LOANS | Loan Number | Interest Rate | Final Redemption Date | Balance at 01/07/2009 | Corrections | Balance at 01/07/2009 Restated | Received during the period | Redeemed written off during the period | Balance at 30/06/2010 |
|------------------------------------|-------------|---------------|-----------------------|-----------------------|-------------|--------------------------------|----------------------------|--|-----------------------|
| LONG-TERM LOANS | | | | R | R | R | R | R | R |
| DBSA Loan - Nkonkobe | 8237 | 11% | 2014/09/30 | - | - | - | - | - | - |
| DBSA Loan - Great Kei | 10876 | 15% | 2019/06/30 | - | - | - | - | - | - |
| DBSA Loan - Nxuba | 11416 | 17% | 2009/06/30 | - | - | - | - | - | - |
| Loan - Amahlathi | 100001 | 4% | 2009/06/30 | - | - | - | - | - | - |
| Loan - Amahlathi | 100001 | 4% | 2009/06/30 | - | - | - | - | - | - |
| Loan - Amahlathi | 100001 | 4% | 2009/06/30 | - | - | - | - | - | - |
| Loan - Amahlathi | 100001 | 4% | 2009/06/30 | - | - | - | - | - | - |
| Total long-term loans | | | | - | - | - | - | - | - |
| CURRENT PORTION | | | | | | | | | |
| DBSA Loan - Amahlathi [In arrears] | 11641 | 11% | 2007/06/30 | - | - | - | - | - | - |
| DBSA Loan - Nxuba | 11240 | 16% | 2010/12/31 | - | - | - | - | - | - |
| Total short term loans | | | | - | - | - | - | - | - |
| TOTAL EXTERNAL LOANS | | | | - | - | - | - | - | - |

These loans were settled during the 2008/09 financial year.

APPENDIX B
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
AS AT 30 JUNE 2012

| Classification | Cost/Revaluation | | | | | | Accumulated Depreciation | | | | | | Carrying Value |
|-----------------------------------|----------------------|---------------------|----------------------|--------------------|------------------|----------------------|--------------------------|---------------------|----------------------|---------------------|--------------------|----------------------|----------------------|
| | Opening Balance | Transfer In / (Out) | New Opening Balance | Additions | Disposals | Closing Balance | Opening Balance | Transfer In / (Out) | New Opening Balance | Additions | Disposals | Closing Balance | |
| INFRASTRUCTURE | 2 783 807 575 | - | 2 783 807 575 | 318 989 316 | - | 3 102 796 891 | (312 074 204) | - | (312 074 204) | (74 395 817) | - | (386 470 021) | 2 716 326 870 |
| Water | | | | | | | | | | | | | |
| Reservoirs & Tanks | 306 113 947 | - | 306 113 947 | - | - | 306 113 947 | (48 251 429) | - | (48 251 429) | (11 502 727) | - | (59 754 156) | 246 359 791 |
| Supply / Reticulation | 1 143 274 720 | - | 1 143 274 720 | 308 965 524 | - | 1 452 240 244 | (146 517 978) | - | (146 517 978) | (34 928 631) | - | (181 446 609) | 1 270 793 635 |
| Water - Other | 377 492 185 | - | 377 492 185 | 72 465 | - | 377 564 650 | (44 393 338) | - | (44 393 338) | (10 582 991) | - | (54 976 329) | 322 588 321 |
| Water Mains | 173 461 762 | - | 173 461 762 | - | - | 173 461 762 | (28 784 532) | - | (28 784 532) | (6 861 986) | - | (35 646 518) | 137 815 245 |
| Meters | 39 444 078 | - | 39 444 078 | 9 951 327 | - | 49 395 404 | (14 463 330) | - | (14 463 330) | (3 447 934) | - | (17 911 264) | 31 484 141 |
| Sanitation | | | | | | | | | | | | | |
| Purification works | 166 186 820 | - | 166 186 820 | - | - | 166 186 820 | (15 196 024) | - | (15 196 024) | (3 622 602) | - | (18 818 626) | 147 368 194 |
| Sewers | 79 394 457 | - | 79 394 457 | - | - | 79 394 457 | (14 467 574) | - | (14 467 574) | (3 448 946) | - | (17 916 520) | 61 477 937 |
| Infrastructure under Construction | 498 439 606 | - | 498 439 606 | - | - | 498 439 606 | - | - | - | - | - | - | 498 439 606 |
| COMMUNITY | 18 675 703 | - | 18 675 703 | 2 445 000 | - | 21 120 703 | (1 269 044) | - | (1 269 044) | (197 505) | - | (1 466 550) | 19 654 153 |
| Clinics & Hospitals | 1 670 000 | - | 1 670 000 | - | - | 1 670 000 | (316 186) | - | (316 186) | (49 209) | - | (365 395) | 1 304 605 |
| Fire Stations | 2 100 000 | - | 2 100 000 | - | - | 2 100 000 | (630 000) | - | (630 000) | (98 049) | - | (728 049) | 1 371 951 |
| Security System | 47 594 | - | 47 594 | - | - | 47 594 | (42 858) | - | (42 858) | (6 670) | - | (49 528) | (1 934) |
| Museum & Art Galleries | 262 000 | - | 262 000 | - | - | 262 000 | - | - | - | - | - | - | 262 000 |
| Civic Buildings | 1 680 000 | - | 1 680 000 | - | - | 1 680 000 | (280 000) | - | (280 000) | (43 577) | - | (323 578) | 1 356 422 |
| Under Construction | 12 916 109 | - | 12 916 109 | 2 445 000 | - | 15 361 109 | - | - | - | - | - | - | 15 361 109 |
| INVESTMENT PROPERTIES | - | - | - | - | - | - | - | - | - | - | - | - | - |
| OTHER | 108 526 888 | - | 108 526 888 | 29 234 530 | 2 053 238 | 135 708 180 | (46 880 532) | - | (46 880 532) | (14 063 048) | (1 532 568) | (59 411 012) | 76 297 168 |
| LAND AND BUILDINGS | 18 723 665 | - | 18 723 665 | 83 253 | - | 18 806 918 | (2 888 495) | - | (2 888 495) | (17 106) | - | (2 905 602) | 15 901 316 |
| Land | 4 570 961 | - | 4 570 961 | - | - | 4 570 961 | - | - | - | - | - | - | 4 570 961 |
| Buildings | 14 152 704 | - | 14 152 704 | 83 253 | - | 14 235 957 | (2 888 495) | - | (2 888 495) | (17 106) | - | (2 905 602) | 11 330 355 |
| Office Equipment | 14 839 719 | - | 14 839 719 | 7 551 956 | 1 054 352 | 21 337 323 | (10 968 594) | - | (10 968 594) | (6 793 124) | (1 045 493) | (16 716 225) | 4 621 098 |
| Air Conditioners | 85 276 | - | 85 276 | 200 186 | - | 285 462 | (47 470) | - | (47 470) | (117 319) | - | (164 789) | 120 673 |
| Computer Hardware | 9 578 595 | - | 9 578 595 | 2 576 717 | - | 12 155 312 | (6 917 997) | - | (6 917 997) | (3 284 987) | - | (10 202 984) | 1 952 328 |
| Operating Software | 1 109 708 | - | 1 109 708 | - | - | 1 109 708 | (1 111 479) | - | (1 111 479) | - | - | - | (1 771) |
| Other Office Equipment | 2 204 170 | - | 2 204 170 | 4 487 811 | 1 054 352 | 5 637 629 | (1 638 918) | - | (1 638 918) | (2 726 811) | (1 045 493) | (3 320 236) | 2 317 393 |
| Office Machines | 1 861 969 | - | 1 861 969 | 287 242 | - | 2 149 211 | (1 252 729) | - | (1 252 729) | (664 007) | - | (1 916 736) | 232 475 |
| Furniture and Fittings | 3 458 108 | - | 3 458 108 | 1 592 597 | 85 185 | 4 965 520 | (2 693 476) | - | (2 693 476) | (1 117 416) | (81 241) | (3 729 650) | 1 235 869 |
| Tables and Desks | 1 028 720 | - | 1 028 720 | 384 809 | - | 1 413 529 | (722 175) | - | (722 175) | (262 732) | - | (984 908) | 428 621 |
| Chairs | 669 645 | - | 669 645 | 399 226 | - | 1 068 871 | (587 384) | - | (587 384) | (321 314) | - | (908 697) | 160 174 |
| Furniture and Fittings : Other | 1 758 581 | - | 1 758 581 | 613 018 | 85 185 | 2 286 414 | (1 382 755) | - | (1 382 755) | (376 374) | (81 241) | (1 677 887) | 608 527 |
| Bin & Containers | 1 162 | - | 1 162 | 195 544 | - | 196 705 | (1 162) | - | (1 162) | (156 996) | - | (158 158) | 38 547 |
| Plant and Equipment | 10 446 312 | - | 10 446 312 | 478 712 | - | 10 925 024 | (6 583 674) | - | (6 583 674) | (768 955) | - | (7 352 628) | 3 572 396 |
| Compressors | 1 240 | - | 1 240 | - | - | 1 240 | (579) | - | (579) | - | - | (579) | 661 |
| Medical Equipment | 20 212 | - | 20 212 | - | - | 20 212 | (18 368) | - | (18 368) | - | - | (18 368) | 1 843 |
| Fire Equipment | 168 863 | - | 168 863 | - | - | 168 863 | (63 451) | - | (63 451) | - | - | (63 451) | 105 412 |
| Fire Arms | 1 775 | - | 1 775 | - | - | 1 775 | (1 775) | - | (1 775) | - | - | (1 775) | - |
| Laboratory Equipment | 24 240 | - | 24 240 | 14000 | - | 38 240 | (21 906) | - | (21 906) | - | - | (21 906) | 16 334 |
| Lawnmowers | 74 546 | - | 74 546 | 171 102 | - | 245 648 | (39 263) | - | (39 263) | (192 923) | - | (232 186) | 13 462 |
| Plant & Equipment : General | 906 564 | - | 906 564 | 117610 | - | 1 024 174 | (352 134) | - | (352 134) | (144 870) | - | (497 004) | 527 170 |
| Tractors and Trailers | 9 226 430 | - | 9 226 430 | 176 000 | - | 9 402 430 | (6 066 836) | - | (6 066 836) | (431 162) | - | (6 497 998) | 2 904 432 |
| Radio Equipment | 22 443 | - | 22 443 | - | - | 22 443 | (19 361) | - | (19 361) | - | - | (19 361) | 3 082 |
| Motor Vehicles | 61 059 084 | - | 61 059 084 | 19 528 012 | 913 702 | 79 673 395 | (23 746 294) | - | (23 746 294) | (5 366 447) | (405 834) | (28 706 906) | 50 966 489 |
| Motor Vehicles | 4 253 146 | - | 4 253 146 | 2 749 076 | 913 702 | 6 088 521 | (2 335 760) | - | (2 335 760) | (2 665 576) | (405 834) | (4 595 502) | 1 493 019 |
| Fire Engines | 4 863 978 | - | 4 863 978 | 2 484 633 | - | 7 348 611 | (2 017 723) | - | (2 017 723) | (1 065 879) | - | (3 083 602) | 4 265 009 |
| Trucks & Bakkies | 51 941 960 | - | 51 941 960 | 14 294 303 | - | 66 236 263 | (19 392 810) | - | (19 392 810) | (1 634 991) | - | (21 027 802) | 45 208 461 |
| TOTAL | 2 911 010 162 | - | 2 911 010 162 | 350 668 847 | 2 053 238 | 3 259 625 774 | (360 223 781) | - | (360 223 781) | (88 656 370) | (1 532 568) | (447 347 583) | 2 812 278 191 |

APPENDIX B
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT: GROUP
AS AT 30 JUNE 2012

| Classification | Cost/Revaluation | | | | | | Accumulated Depreciation | | | | | | Carrying Value |
|-----------------------------------|----------------------|---------------------|----------------------|--------------------|------------------|----------------------|--------------------------|---------------------|----------------------|---------------------|--------------------|----------------------|----------------------|
| | Opening Balance | Transfer In / (Out) | New Opening Balance | Additions | Disposals | Closing Balance | Opening Balance | Transfer In / (Out) | New Opening Balance | Additions | Disposals | Closing Balance | |
| INFRASTRUCTURE | 2 783 807 575 | - | 2 783 807 575 | 318 989 316 | - | 3 102 796 891 | (312 074 204) | - | (312 074 204) | (74 395 817) | - | (386 470 021) | 2 716 326 870 |
| Water | | | | | | | | | | | | | |
| Reservoirs & Tanks | 306 113 947 | - | 306 113 947 | - | - | 306 113 947 | (48 251 429) | - | (48 251 429) | (11 502 727) | - | (59 754 156) | 246 359 791 |
| Supply / Reticulation | 1 143 274 720 | - | 1 143 274 720 | 308 965 524 | - | 1 452 240 244 | (146 517 978) | - | (146 517 978) | (34 928 631) | - | (181 446 609) | 1 270 793 635 |
| Water - Other | 377 492 185 | - | 377 492 185 | 72 465 | - | 377 564 650 | (44 393 338) | - | (44 393 338) | (10 582 991) | - | (54 976 329) | 322 588 321 |
| Water Mains | 173 461 762 | - | 173 461 762 | - | - | 173 461 762 | (28 784 532) | - | (28 784 532) | (6 861 986) | - | (35 646 518) | 137 815 245 |
| Meters | 39 444 078 | - | 39 444 078 | 9 951 327 | - | 49 395 404 | (14 463 330) | - | (14 463 330) | (3 447 934) | - | (17 911 264) | 31 484 141 |
| Sanitation | | | | | | | | | | | | | |
| Purification works | 166 186 820 | - | 166 186 820 | - | - | 166 186 820 | (15 196 024) | - | (15 196 024) | (3 622 602) | - | (18 818 626) | 147 368 194 |
| Sewers | 79 394 457 | - | 79 394 457 | - | - | 79 394 457 | (14 467 574) | - | (14 467 574) | (3 448 946) | - | (17 916 520) | 61 477 937 |
| Infrastructure under Construction | 498 439 606 | - | 498 439 606 | - | - | 498 439 606 | - | - | - | - | - | - | 498 439 606 |
| COMMUNITY | 18 675 703 | - | 18 675 703 | 2 445 000 | - | 21 120 703 | (1 269 044) | - | (1 269 044) | (197 505) | - | (1 466 550) | 19 654 153 |
| Clinics & Hospitals | 1 670 000 | - | 1 670 000 | - | - | 1 670 000 | (316 186) | - | (316 186) | (49 209) | - | (365 395) | 1 304 605 |
| Fire Stations | 2 100 000 | - | 2 100 000 | - | - | 2 100 000 | (630 000) | - | (630 000) | (98 049) | - | (728 049) | 1 371 951 |
| Security System | 47 594 | - | 47 594 | - | - | 47 594 | (42 858) | - | (42 858) | (6 670) | - | (49 528) | (1 934) |
| Museum & Art Galleries | 262 000 | - | 262 000 | - | - | 262 000 | - | - | - | - | - | - | 262 000 |
| Civic Buildings | 1 680 000 | - | 1 680 000 | - | - | 1 680 000 | (280 000) | - | (280 000) | (43 577) | - | (323 578) | 1 356 422 |
| Under Construction | 12 916 109 | - | 12 916 109 | 2 445 000 | - | 15 361 109 | - | - | - | - | - | - | 15 361 109 |
| INVESTMENT PROPERTIES | - | - | - | - | - | - | - | - | - | - | - | - | - |
| OTHER | 109 239 167 | - | 109 239 167 | 29 330 313 | 2 114 920 | 136 454 560 | (47 153 211) | - | (47 153 211) | (14 188 732) | (8 939 037) | (59 755 535) | 76 699 025 |
| LAND AND BUILDINGS | 18 723 665 | - | 18 723 665 | 83 253 | - | 18 806 918 | (2 888 495) | - | (2 888 495) | (17 106) | - | (2 905 602) | 15 901 316 |
| Land | 4 570 961 | - | 4 570 961 | - | - | 4 570 961 | - | - | - | - | - | - | 4 570 961 |
| Buildings | 14 152 704 | - | 14 152 704 | 83 253 | - | 14 235 957 | (2 888 495) | - | (2 888 495) | (17 106) | - | (2 905 602) | 11 330 355 |
| Office Equipment | 15 203 839 | - | 15 203 839 | 7 595 803 | 1 076 141 | 21 723 501 | (11 171 671) | - | (11 171 671) | (6 868 780) | (1 062 628) | (16 977 823) | 4 745 678 |
| Air Conditioners | 85 276 | - | 85 276 | 200 186 | - | 285 462 | (47 470) | - | (47 470) | (117 319) | - | (164 789) | 120 673 |
| Computer Hardware | 9 901 930 | - | 9 901 930 | 2 615 318 | 21 789 | 12 495 459 | (7 099 019) | - | (7 099 019) | (3 355 568) | (17 135) | (10 437 452) | 2 058 007 |
| Operating Software | 1 109 708 | - | 1 109 708 | - | - | 1 109 708 | (1 111 479) | - | (1 111 479) | - | - | (1 111 479) | (1 771) |
| Other Office Equipment | 2 244 955 | - | 2 244 955 | 4 493 057 | 1 054 352 | 5 683 660 | (1 660 973) | - | (1 660 973) | (2 731 886) | (1 045 493) | (3 347 366) | 2 336 294 |
| Office Machines | 1 861 969 | - | 1 861 969 | 287 242 | - | 2 149 211 | (1 252 729) | - | (1 252 729) | (664 007) | - | (1 916 736) | 232 475 |
| Furniture and Fittings | 3 806 267 | - | 3 806 267 | 1 644 533 | 125 078 | 5 325 722 | (2 763 078) | - | (2 763 078) | (1 167 444) | (117 946) | (3 812 575) | 1 513 146 |
| Tables and Desks | 1 028 720 | - | 1 028 720 | 384 809 | - | 1 413 529 | (722 175) | - | (722 175) | (262 732) | - | (984 908) | 428 621 |
| Chairs | 669 645 | - | 669 645 | 399 226 | - | 1 068 871 | (587 384) | - | (587 384) | (321 314) | - | (908 697) | 160 174 |
| Furniture and Fittings : Other | 2 106 740 | - | 2 106 740 | 664 954 | 125 078 | 2 646 616 | (1 452 357) | - | (1 452 357) | (426 402) | (117 946) | (1 760 812) | 885 804 |
| Bin & Containers | 1 162 | - | 1 162 | 195 544 | - | 196 705 | (1 162) | - | (1 162) | (156 996) | - | (158 158) | 38 547 |
| Plant and Equipment | 10 446 312 | - | 10 446 312 | 478 712 | - | 10 925 024 | (6 583 674) | - | (6 583 674) | (768 955) | (7 352 628) | (7 352 628) | 3 572 396 |
| Compressors | 1 240 | - | 1 240 | - | - | 1 240 | (579) | - | (579) | - | - | (579) | 661 |
| Medical Equipment | 20 212 | - | 20 212 | - | - | 20 212 | (18 368) | - | (18 368) | - | - | (18 368) | 1 843 |
| Fire Equipment | 168 863 | - | 168 863 | - | - | 168 863 | (63 451) | - | (63 451) | - | - | (63 451) | 105 412 |
| Fire Arms | 1 775 | - | 1 775 | - | - | 1 775 | (1 775) | - | (1 775) | - | - | (1 775) | - |
| Laboratory Equipment | 24 240 | - | 24 240 | 14 000 | - | 38 240 | (21 906) | - | (21 906) | - | - | (21 906) | 16 334 |
| Lawnmowers | 74 546 | - | 74 546 | 171 102 | - | 245 648 | (39 263) | - | (39 263) | (192 923) | - | (232 186) | 13 462 |
| Plant & Equipment : General | 906 564 | - | 906 564 | 117 610 | - | 1 024 174 | (352 134) | - | (352 134) | (144 870) | - | (497 004) | 527 170 |
| Tractors and Trailers | 9 226 430 | - | 9 226 430 | 176 000 | - | 9 402 430 | (6 066 836) | - | (6 066 836) | (431 162) | - | (6 497 998) | 2 904 432 |
| Radio Equipment | 22 443 | - | 22 443 | - | - | 22 443 | (19 361) | - | (19 361) | - | - | (19 361) | 3 082 |
| Motor Vehicles | 61 059 084 | - | 61 059 084 | 19 528 012 | 913 702 | 79 673 395 | (23 746 294) | - | (23 746 294) | (5 366 447) | (405 834) | (28 706 906) | 50 966 489 |
| Motor Vehicles | 4 253 146 | - | 4 253 146 | 2 749 076 | 913 702 | 6 088 521 | (2 335 760) | - | (2 335 760) | (2 665 576) | (405 834) | (4 595 502) | 1 493 019 |
| Fire Engines | 4 863 978 | - | 4 863 978 | 2 484 633 | - | 7 348 611 | (2 017 723) | - | (2 017 723) | (1 065 879) | - | (3 083 602) | 4 265 009 |
| Trucks & Bakkies | 51 941 960 | - | 51 941 960 | 14 294 303 | - | 66 236 263 | (19 392 810) | - | (19 392 810) | (1 634 991) | - | (21 027 802) | 45 208 461 |
| | | | | | | | | | | | | | |
| TOTAL | 2 911 722 440 | - | 2 911 722 440 | 350 764 630 | 2 114 920 | 3 260 372 154 | (360 496 460) | - | (360 496 460) | (88 782 054) | (8 939 037) | (447 692 106) | 2 812 680 048 |

APPENDIX C
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
SEGMENTAL ANALYSIS OF FIXED PROPERTY, PLANT AND EQUIPMENT PER DEPARTMENT
AS AT 30 JUNE 2012

| | Cost / Revaluation | | | | Accumulated Depreciation | | | | Carrying value |
|--------------------------|----------------------|--------------------|--------------------|----------------------|--------------------------|-------------------|--------------------|--------------------|----------------------|
| | Opening Balance | Additions | Disposals | Closing Balance | Opening Balance | Additions | Disposals | Closing Balance | |
| | R | R | R | R | R | R | R | R | |
| Council & General | 2 476 621 | 98 889 | (32 215) | 2 543 295 | 1 615 650 | 285 858 | (32 215) | 1 869 293 | 674 002 |
| Municipal Management | 875 826 | 2 388 969 | (77 717) | 3 187 078 | 749 823 | 619 525 | (77 717) | 1 291 631 | 1 895 447 |
| Budget & Treasury | 4 852 975 | 1 050 603 | (135 747) | 5 767 831 | 2 811 902 | 990 608 | (131 953) | 3 670 557 | 2 097 274 |
| Corporate Services | 21 358 137 | 1 552 233 | (1 169 420) | 21 740 950 | 7 992 672 | 1 744 956 | (655 649) | 9 081 979 | 12 658 987 |
| Health & Protection | 13 553 910 | 6 167 256 | (92 382) | 19 628 784 | 6 739 235 | 2 561 340 | (92 382) | 9 208 193 | 10 420 591 |
| Engineering Services | 15 850 440 | 1 131 872 | (154 850) | 16 827 462 | 5 089 302 | 1 142 178 | (154 850) | 6 076 631 | 10 750 831 |
| O & M Water & Sanitation | 2 830 226 332 | 337 343 476 | (18 700) | 3 167 551 108 | 321 634 356 | 77 661 442 | (18 700) | 399 277 099 | 2 768 274 010 |
| Strategic Management | 9 387 877 | 7 220 | (223 546) | 9 171 551 | 6 151 903 | 1 922 788 | (223 546) | 7 851 145 | 1 320 403 |
| Land & Housing | 12 428 043 | 928 327 | (148 671) | 13 207 700 | 7 438 939 | 1 727 673 | (145 557) | 9 021 055 | 4 186 645 |
| Total | 2 911 010 157 | 350 668 845 | (2 053 247) | 3 259 625 758 | 360 223 782 | 88 656 369 | (1 532 568) | 447 347 580 | 2 812 278 191 |

APPENDIX C
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
SEGMENTAL ANALYSIS OF FIXED PROPERTY, PLANT AND EQUIPMENT PER DEPARTMENT: GROUP
AS AT 30 JUNE 2012

| | Cost / Revaluation | | | | Accumulated Depreciation | | | | Carrying value |
|--------------------------|----------------------|--------------------|--------------------|----------------------|--------------------------|-------------------|--------------------|--------------------|----------------------|
| | Opening Balance | Additions | Disposals | Closing Balance | Opening Balance | Additions | Disposals | Closing Balance | |
| | R | R | R | R | R | R | R | R | |
| Council & General | 2 476 621 | 98 889 | (32 215) | 2 543 295 | 1 615 650 | 285 858 | (32 215) | 1 869 293 | 674 002 |
| Municipal Management | 875 826 | 2 388 969 | (77 717) | 3 187 078 | 749 823 | 619 525 | (77 717) | 1 291 631 | 1 895 447 |
| Budget & Treasury | 4 852 975 | 1 050 603 | (135 747) | 5 767 831 | 2 811 902 | 990 608 | (131 953) | 3 670 557 | 2 097 274 |
| Corporate Services | 21 358 137 | 1 552 233 | (1 169 420) | 21 740 950 | 7 992 672 | 1 744 956 | (655 649) | 9 081 979 | 12 658 987 |
| Health & Protection | 13 553 910 | 6 167 256 | (92 382) | 19 628 784 | 6 739 235 | 2 561 340 | (92 382) | 9 208 193 | 10 420 591 |
| Engineering Services | 15 850 440 | 1 131 872 | (154 850) | 16 827 462 | 5 089 302 | 1 142 178 | (154 850) | 6 076 631 | 10 750 831 |
| O & M Water & Sanitation | 2 830 226 332 | 337 343 476 | (18 700) | 3 167 551 108 | 321 634 356 | 77 661 442 | (18 700) | 399 277 099 | 2 768 274 010 |
| Strategic Management | 9 387 877 | 7 220 | (223 546) | 9 171 551 | 6 151 903 | 1 922 788 | (223 546) | 7 851 145 | 1 320 403 |
| Land & Housing | 12 428 043 | 928 327 | (148 671) | 13 207 700 | 7 438 939 | 1 727 673 | (145 557) | 9 021 055 | 4 186 645 |
| ASPIRE | 712 279 | 95 783 | (61 682) | 746 379 | 272 679 | 125 684 | (53 840) | 344 523 | 401 857 |
| Total | 2 911 722 436 | 350 764 628 | (2 114 929) | 3 260 372 137 | 360 496 461 | 88 782 053 | (1 586 408) | 447 692 103 | 2 812 680 048 |

APPENDIX D
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012

| 2010/11 Actual Income | 2010/11 Actual Expenditure | 2010/11 Surplus/ (Deficit) | | 2011/12 Actual Income | 2011/12 Actual Expenditure | 2011/12 Actual Surplus/ (Deficit) | 2011/12 Budgeted Surplus/ (Deficit) |
|-----------------------------|----------------------------------|----------------------------------|---------------------------------------|-----------------------------|----------------------------------|--|--|
| R | R | R | | R | R | R | R |
| 1 027 897 956 | 832 645 675 | 195 252 282 | RATE AND GENERAL SERVICES | 1 157 933 033 | 941 548 642 | 216 384 391 | 449 992 846 |
| 1 023 472 770 | 828 298 178 | 195 174 591 | Community Services | 1 157 933 033 | 941 552 542 | 216 380 491 | 449 992 846 |
| 22 693 742 | 15 864 256 | 6 829 486 | Council General | 21 778 967 | 36 478 412 | (14 699 445) | 10 546 210 |
| 129 377 | 8 422 003 | (8 292 625) | Mayoral Committee | 3 069 | 9 395 903 | (9 392 834) | (10 088 487) |
| 56 591 214 | 5 226 369 | 51 364 845 | Strategic Manager | 56 524 889 | 11 203 377 | 45 321 512 | 47 472 799 |
| 1 268 266 | 7 046 134 | (5 777 868) | Municipal Support Unit | 1 221 542 | 7 868 776 | (6 647 234) | (7 421 242) |
| - | 24 486 628 | (24 486 628) | Internally funded Projects | - | 15 328 020 | (15 328 020) | 126 209 772 |
| 30 903 332 | 42 182 881 | (11 279 549) | Information Management Unit | 66 856 | 15 430 083 | (15 363 226) | (15 466 376) |
| 1 744 | 13 949 241 | (13 947 498) | Executive Support Services | 237 908 | 19 608 952 | (19 371 043) | (20 984 673) |
| 322 | 2 009 673 | (2 009 351) | Speaker Support | 316 | 2 695 328 | (2 695 012) | (3 190 832) |
| 23 537 241 | 36 231 028 | (12 693 787) | Corporate Services | 66 017 533 | 46 277 673 | 19 739 860 | 16 562 841 |
| 268 330 | 16 762 569 | (16 494 238) | Human Resources | 671 291 | 21 243 784 | (20 572 492) | (21 472 409) |
| 4 199 903 | 4 679 254 | (479 351) | Budget and Treasury | 62 296 128 | 7 959 656 | 54 336 472 | 54 757 438 |
| 1 000 000 | 820 852 | 179 148 | Budget Reform | 397 616 | 408 076 | (10 461) | 39 501 |
| 36 115 157 | 10 678 227 | 25 436 930 | Accounting and Reporting | 28 480 364 | 8 860 634 | 19 619 730 | 4 109 304 |
| 1 466 602 | 963 760 | 502 842 | Asset Management | - | 3 023 051 | (3 023 051) | (4 403 335) |
| 2 218 | 4 605 736 | (4 603 518) | Supply Chain | 14 145 | 6 441 518 | (6 427 373) | (9 453 188) |
| 2 933 339 | 2 193 127 | 740 212 | Budgeting | 494 | 2 081 397 | (2 080 904) | (2 419 807) |
| 26 814 682 | 34 598 977 | (7 784 296) | Revenue | 95 539 | 38 887 279 | (38 791 740) | (40 698 026) |
| - | - | - | Expenditure | - | 4 157 417 | (4 157 417) | (4 675 114) |
| 494 340 082 | 20 009 446 | 474 330 636 | Engineering Services | 558 406 526 | 61 354 696 | 497 051 830 | 490 630 413 |
| 1 013 | 7 219 173 | (7 218 160) | Building and Services Planning | 2 135 | 8 318 347 | (8 316 213) | (8 165 670) |
| - | 202 762 | (202 762) | Solid Waste site | - | 1 645 449 | (1 645 449) | 243 059 |
| 959 | 3 614 916 | (3 613 957) | WSA | 431 | 4 079 185 | (4 078 754) | (4 038 888) |
| 3 502 865 | 8 705 094 | (5 202 229) | Project Management Unit | 9 496 481 | 21 262 465 | (11 765 984) | (8 245 521) |
| 152 950 930 | 292 437 854 | (139 486 924) | Water and sanitation services | 198 452 601 | 344 184 006 | (145 731 405) | (73 761 892) |
| 19 155 | 112 376 193 | (112 357 037) | Water shared services | 24 437 | 120 613 067 | (120 588 630) | (125 299 735) |
| 54 815 766 | 40 347 687 | 14 468 080 | Land Administration and Housing | 51 513 210 | 33 605 455 | 17 907 755 | 45 230 549 |
| - | - | - | Building & Services Planning | - | - | - | - |
| 655 987 | 18 540 063 | (17 884 077) | Economic Development | 1 531 | 22 582 524 | (22 580 993) | 7 016 546 |
| 47 455 249 | 22 385 252 | 25 069 997 | Municipal Manager | 19 189 474 | 5 841 979 | 13 347 495 | 11 480 484 |
| - | 610 918 | (610 918) | Legal Fees | 21 380 | 2 532 094 | (2 510 714) | (3 426 636) |
| 1 313 | 5 356 440 | (5 355 127) | Internal Audit | 5 550 | 6 438 165 | (6 432 614) | (6 993 094) |
| 53 555 088 | 15 404 300 | 38 150 788 | Health and Protection Services | 78 016 438 | 10 703 000 | 67 313 438 | 46 313 028 |
| 5 438 445 | 10 187 949 | (4 749 504) | Disaster Management | 1 070 400 | 6 959 221 | (5 888 821) | (6 746 937) |
| 4 559 | 9 228 636 | (9 224 078) | Municipal Health Services ADM | 6 023 | 12 524 354 | (12 518 331) | (13 077 236) |
| 2 805 890 | 14 887 792 | (12 081 902) | Fire Services | 3 919 759 | 17 957 541 | (14 037 781) | (16 113 377) |
| - | 16 062 989 | (16 062 989) | Municipal Health services LM's | - | 3 601 657 | (3 601 657) | (4 476 623) |
| 4 425 186 | 4 347 497 | 77 689 | Subsidised Services | 0 | (3 900) | 3 900 | - |
| 4 425 186 | 4 347 497 | 77 689 | Health Nursing Services | | (3 900) | 3 900 | |
| 1 027 897 956 | 832 645 675 | 195 252 281 | TOTAL | 1 157 933 033 | 941 548 642 | 216 384 391 | 449 992 846 |

APPENDIX D
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE: GROUP
FOR THE YEAR ENDED 30 JUNE 2012

| 2010/11 Actual Income | 2010/11 Actual Expenditure | 2010/11 Surplus/ (Deficit) | | 2011/12 Actual Income | 2011/12 Actual Expenditure | 2011/12 Actual Surplus/ (Deficit) | 2011/12 Budgeted Surplus/ (Deficit) |
|-----------------------------|----------------------------------|----------------------------------|---------------------------------------|-----------------------------|----------------------------------|--|--|
| R | R | R | | R | R | R | R |
| 1 027 897 956 | 832 645 675 | 195 252 282 | RATE AND GENERAL SERVICES | 1 157 933 033 | 941 548 642 | 216 384 391 | 449 992 846 |
| 1 023 472 770 | 828 298 178 | 195 174 591 | Community Services | 1 157 933 033 | 941 552 542 | 216 380 491 | 449 992 846 |
| 22 693 742 | 15 864 256 | 6 829 486 | Council General | 21 778 967 | 36 478 412 | (14 699 445) | 10 546 210 |
| 129 377 | 8 422 003 | (8 292 625) | Mayoral Committee | 3 069 | 9 395 903 | (9 392 834) | (10 088 487) |
| 56 591 214 | 5 226 369 | 51 364 845 | Strategic Manager | 56 524 889 | 11 203 377 | 45 321 512 | 47 472 799 |
| 1 268 266 | 7 046 134 | (5 777 868) | Municipal Support Unit | 1 221 542 | 7 868 776 | (6 647 234) | (7 421 242) |
| - | 24 486 628 | (24 486 628) | Internally funded Projects | - | 15 328 020 | (15 328 020) | 126 209 772 |
| 30 903 332 | 42 182 881 | (11 279 549) | Information Management Unit | 66 856 | 15 430 083 | (15 363 226) | (15 466 376) |
| 1 744 | 13 949 241 | (13 947 498) | Executive Support Services | 237 908 | 19 608 952 | (19 371 043) | (20 984 673) |
| 322 | 2 009 673 | (2 009 351) | Speaker Support | 316 | 2 695 328 | (2 695 012) | (3 190 832) |
| 23 537 241 | 36 231 028 | (12 693 787) | Corporate Services | 66 017 533 | 46 277 673 | 19 739 860 | 16 562 841 |
| 268 330 | 16 762 569 | (16 494 238) | Human Resources | 671 291 | 21 243 784 | (20 572 492) | (21 472 409) |
| 4 199 903 | 4 679 254 | (479 351) | Budget and Treasury | 62 296 128 | 7 959 656 | 54 336 472 | 54 757 438 |
| 1 000 000 | 820 852 | 179 148 | Budget Reform | 397 616 | 408 076 | (10 461) | 39 501 |
| 36 115 157 | 10 678 227 | 25 436 930 | Accounting and Reporting | 28 480 364 | 8 860 634 | 19 619 730 | 4 109 304 |
| 1 466 602 | 963 760 | 502 842 | Asset Management | - | 3 023 051 | (3 023 051) | (4 403 335) |
| 2 218 | 4 605 736 | (4 603 518) | Supply Chain | 14 145 | 6 441 518 | (6 427 373) | (9 453 188) |
| 2 933 339 | 2 193 127 | 740 212 | Budgeting | - | 2 081 397 | (2 080 904) | (2 419 807) |
| 26 814 682 | 34 598 977 | (7 784 296) | Revenue | 95 539 | 38 887 279 | (38 791 740) | (40 698 026) |
| - | - | - | Expenditure | - | 4 157 417 | (4 157 417) | (4 675 114) |
| 494 340 082 | 20 009 446 | 474 330 636 | Engineering Services | 558 406 526 | 61 354 696 | 497 051 830 | 490 630 413 |
| 1 013 | 7 219 173 | (7 218 160) | Building and Services Planning | 2 135 | 8 318 347 | (8 316 213) | (8 165 670) |
| - | 202 762 | (202 762) | Solid Waste site | - | 1 645 449 | (1 645 449) | 243 059 |
| 959 | 3 614 916 | (3 613 957) | WSA | 431 | 4 079 185 | (4 078 754) | (4 038 888) |
| 3 502 865 | 8 705 094 | (5 202 229) | Project Management Unit | 9 496 481 | 21 262 465 | (11 765 984) | (8 245 521) |
| 152 950 930 | 292 437 854 | (139 486 924) | Water and sanitation services | 198 452 601 | 344 184 006 | (145 731 405) | (73 761 892) |
| 19 155 | 112 376 193 | (112 357 037) | Water shared services | 24 437 | 120 613 067 | (120 588 630) | (125 299 735) |
| 54 815 766 | 40 347 687 | 14 468 080 | Land Administration and Housing | 51 513 210 | 33 605 455 | 17 907 755 | 45 230 549 |
| - | - | - | Building & Services Planning | - | - | - | - |
| 655 987 | 18 540 063 | (17 884 077) | Economic Development | 1 531 | 22 582 524 | (22 580 993) | 7 016 546 |
| 47 455 249 | 22 385 252 | 25 069 997 | Municipal Manager | 19 189 474 | 5 841 979 | 13 347 495 | 11 480 484 |
| - | 610 918 | (610 918) | Legal Fees | 21 380 | 2 532 094 | (2 510 714) | (3 426 636) |
| 1 313 | 5 356 440 | (5 355 127) | Internal Audit | 5 550 | 6 438 165 | (6 432 614) | (6 993 094) |
| 53 555 088 | 15 404 300 | 38 150 788 | Health and Protection Services | 78 016 438 | 10 703 000 | 67 313 438 | 46 313 028 |
| 5 438 445 | 10 187 949 | (4 749 504) | Disaster Management | 1 070 400 | 6 959 221 | (5 888 821) | (6 746 937) |
| 4 559 | 9 228 636 | (9 224 078) | Municipal Health Services ADM | 6 023 | 12 524 354 | (12 518 331) | (13 077 236) |
| 2 805 890 | 14 887 792 | (12 081 902) | Fire Services | 3 919 759 | 17 957 541 | (14 037 781) | (16 113 377) |
| - | 16 062 989 | (16 062 989) | Municipal Health services LM's | - | 3 601 657 | (3 601 657) | (4 476 623) |
| 4 425 186 | 4 347 497 | 77 689 | Subsidised Services | 0 | (3 900) | 3 900 | - |
| - | - | - | Ambulance and Rescue Services | - | - | - | - |
| 4 425 186 | 4 347 497 | 77 689 | Health Nursing Services | - | (3 900) | 3 900 | 0 |
| - | - | - | | - | - | - | - |
| 60 738 121 | 58 013 015 | 2 725 106 | DEVELOPMENT AGENCY | 81 063 562 | 82 285 231 | (1 221 669) | - |
| 60 738 121 | 58 013 015 | 2 725 106 | | 81 063 562 | 82 285 231 | (1 221 669) | - |
| - | 207 040 | (207 040) | TAXATION - AGENCY | - | 85 364 | (85 364) | - |
| - | 207 040 | (207 040) | | - | 85 364 | (85 364) | - |
| 1 088 636 077 | 890 865 730 | 197 770 347 | TOTAL | 1 238 996 595 | 1 023 919 237 | 215 077 358 | 449 992 846 |

APPENDIX E (1)
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION - MUNICIPALITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| Financial performance | 2011/12 Actual R | 2011/12 Budget R | 2011/12 Variance R | 2011/12 Variance % | Explanation for Significant Variances greater than 10% vs Budget |
|---|------------------------|------------------------|--------------------------|--------------------------|--|
| REVENUE | | | | | |
| Service Charges | 172 646 918 | 127 751 517 | 44 895 401 | 35% | Billing greater than budgeted for due to data cleansing and service coverage data |
| Rental of facilities & Equipment | 311 445 | 254 877 | 56 568 | 22% | Rental of Calgary conference centre is mainly internal use |
| Interest earned - external investments | 37 946 670 | 20 000 000 | 17 946 670 | 90% | Interest earned on current account based on market conditions. The investments thus performed better than anticipated. |
| Interest earned - outstanding receivables | 27 186 952 | - | 27 186 952 | 100% | No budget due to uncertainty of recovery |
| Government grants & Subsidies | 871 357 500 | 920 296 753 | (48 939 253) | -5% | Grant income is recognised to the extent that expenditure is incurred. |
| Bad debts recovered | 1 900 | - | 1 900 | 100% | This item is not budgeted for due to its d hoc nature |
| Other income | 48 481 648 | 417 887 180 | (369 405 532) | -88% | No fine income due to peace officers not been authorised Solid waste site not operational. Prior year income not utilised. No actual on project roll over. |
| Total Revenue | 1 157 933 033 | 1 486 190 327 | (328 257 294) | -22% | |
| EXPENDITURE | | | | | |
| Employee related costs | 312 630 431 | 329 770 425 | (17 139 994) | -5% | |
| Remuneration of Councillors | 10 538 434 | 11 215 052 | (676 618) | -6% | |
| Bad Debt provision | 106 663 740 | 106 663 747 | (7) | 0% | |
| Collection Costs | 2 443 484 | 3 077 965 | (634 481) | -21% | Collection costs are based on the amount the amount of bad debts recovered |
| Depreciation and amortisation | 88 673 610 | 89 473 289 | (799 679) | -1% | |
| Repairs & Maintenance | 13 811 913 | 14 299 098 | (487 185) | -3% | |
| Finance Costs | 114 991 | 156 463 | (41 472) | -27% | Less finance charges incurred than budgeted for |
| Materials & Bulk Purchases | 45 859 269 | 48 714 479 | (2 855 210) | -6% | |
| Contracted Services | 53 784 158 | 53 784 242 | (84) | 0% | |
| Grants & Subsidies Paid | 254 297 | 1 564 560 | (1 310 263) | -84% | Unspent portion of original project value allocation to Great Kei Local Municipality for Chintsa Dam |
| General expenses- other | 306 774 314 | 418 455 870 | (111 681 556) | -27% | Savings on general expenditure which includes unspent portions of internally funded projects |
| Total Expenditure | 941 548 643 | 1 077 175 190 | (135 626 547) | -13% | |
| OPERATING SURPLUS | 216 384 390 | 409 015 137 | (192 630 747) | | |
| Gain on disposal of assets | 996 830 | - | 996 830 | 100% | This item is not budgeted for. |
| SURPLUS FOR THE YEAR | 217 381 221 | 409 015 137 | (191 633 916) | | |

APPENDIX E (1)
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION - GROUP
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| | 2011/12 Actual R | 2011/12 Budget R | 2011/12 Variance R | 2011/12 Variance % | Explanation for Significant Variances greater than 10% vs Budget |
|---|------------------------|------------------------|--------------------------|--------------------------|--|
| REVENUE | | | | | |
| Service Charges | 172 646 918 | 127 751 517 | 44 895 401 | 35% | Billing greater than budgeted for due to data cleansing and service coverage data |
| Rental of facilities & Equipment | 311 445 | 254 877 | 56 568 | 22% | Rental of Calgary conference centre is mainly internal use |
| Interest earned - external investments | 38 978 493 | 20 874 416 | 18 104 077 | 87% | Interest earned on current account based on market conditions. The investments thus performed better than anticipated. |
| Interest earned - outstanding receivables | 27 186 952 | - | 27 186 952 | 100% | No budget due to uncertainty of recovery |
| Government grants & Subsidies | 950 873 951 | 1 041 419 314 | (90 545 363) | -9% | Grant income is recognised to the extent that expenditure is incurred. |
| Bad debts recovered | 1 900 | - | 1 900 | 100% | This item is not budgeted for due to its d hoc nature |
| Other income | 48 996 936 | 418 467 432 | (369 470 496) | -88% | No fine income due to peace officers not been authorised Solid waste site not operational. Prior year income not utilised. No actual on project roll over. |
| Total Revenue | 1 238 996 595 | 1 608 767 556 | (369 770 961) | -23% | |
| EXPENDITURE | | | | | |
| Employee related costs | 320 203 563 | 337 350 350 | (17 146 787) | -5% | |
| Remuneration of Councillors and Board | 10 884 641 | 11 525 076 | (640 435) | -6% | |
| Bad Debt provision | 106 663 740 | 106 663 747 | (7) | 0% | |
| Collection Costs | 2 443 484 | 3 077 965 | (634 481) | -21% | Collection costs are based on the amount the amount of bad debts recovered |
| Depreciation and amortisation | 88 856 232 | 89 642 289 | (786 057) | -1% | |
| Repairs & Maintenance | 13 817 975 | 14 343 169 | (525 194) | -4% | |
| Finance Costs | 419 058 | 156 463 | 262 595 | 168% | The entity does not budget for finance costs |
| Materials & Bulk Purchases | 45 859 269 | 48 714 479 | (2 855 210) | -6% | |
| Contracted Services | 53 784 158 | 53 784 242 | (84) | 0% | |
| Grants & Subsidies Paid | 82 836 940 | 123 936 866 | (41 099 926) | -33% | Unspent portion of original project value allocation to Great Kei Local Municipality for Chintsa Dam. Project expenditure by the entity was under spent due to delays in construction and environmental impact assessments. Construction delays were as a result of delays in releasing land by the Department of Public Works, labour disputes and inclement weather. |
| General expenses- other | 298 064 812 | 410 996 371 | (112 931 559) | -27% | Savings on general expenditure which includes unspent portions of internally funded projects |
| Total Expenditure | 1 023 833 873 | 1 200 191 017 | (176 357 144) | -15% | |
| OPERATING SURPLUS | 215 162 722 | 408 576 539 | (193 413 817) | | |
| Gain on disposal of assets | 1 032 846 | - | 1 032 846 | 100% | This item is not budgeted for. |
| SURPLUS BEFORE TAX | 216 195 567 | 408 576 539 | (192 380 972) | | |
| Less: Taxation | (85 364) | - | (85 364) | | |
| SURPLUS FOR THE YEAR | 216 110 204 | 408 576 539 | (192 466 335) | | |

APPENDIX E (2)
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY PLANT AND EQUIPMENT)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| | 2011/12 Actual | 2011/12 Budget | 2011/12 Variance | 2011/12 Variance | Explanation for Significant Variances greater than 10% vs Budget |
|--------------------------------|--------------------|--------------------|---------------------|---------------------|--|
| | R | R | R | % | |
| LAND AND BUILDINGS | | | | | |
| Administration | 2 528 253 | 1 657 142 | 871 111 | 53% | |
| Housing Schemes | - | - | - | NA | |
| Workshops & Depots | - | - | - | NA | |
| Work in progress - water | - | - | - | NA | |
| | 2 528 253 | 1 657 142 | 871 111 | | |
| INFRASTRUCTURE | | | | | |
| Reservoirs & Tanks | - | - | - | NA | |
| Water - Other | 308 965 524 | 260 438 596 | 48 526 928 | 19% | |
| Other | 72 465 | 41 369 298 | (41 296 833) | -100% | |
| Plant and equipment - General | - | - | - | NA | |
| Laboratory equipment | 9 951 327 | - | 9 951 327 | 100% | |
| Sewers | - | 60 219 298 | (60 219 298) | 100% | |
| | 318 989 316 | 362 027 192 | (43 037 876) | | |
| COMMUNITY | | | | | |
| Clinics & Hospitals | - | - | - | NA | |
| Fire Stations | - | - | - | NA | |
| Museum & Art Galleries | - | - | - | NA | |
| Ablution facilities | - | - | - | NA | |
| Security System | - | - | - | NA | |
| INVESTMENT PROPERTIES | | | | | |
| | - | - | - | | |
| OTHER | | | | | |
| Air Conditioners | 200 186 | - | 200 186 | 100% | |
| Computer Hardware | 2 576 717 | 3 892 193 | (1 315 476) | -34% | |
| Computer Software | - | - | - | NA | |
| Office Machines | 4 775 053 | 1 143 779 | 3 631 274 | 317% | |
| Cabinets & Cupboards | - | - | - | NA | |
| Chairs | 399 226 | - | 399 226 | 100% | |
| Furniture and Fittings : Other | 808 561 | 6 263 194 | (5 454 633) | -87% | |
| Tables & Desks | 384 809 | - | 384 809 | 100% | |
| Laboratory equipment | 14 000 | - | 14 000 | 100% | |
| Lawnmowers | 171 102 | - | 171 102 | 100% | |
| Motor Vehicles | 2 749 076 | 22 859 723 | (20 110 647) | -88% | |
| Plant and Equipment: general | 117 610 | - | 117 610 | 100% | |
| Tractors | 2 660 633 | 197 500 | 2 463 133 | 1247% | |
| Trucks & Bakkies | 14 294 303 | 10 974 412 | 3 319 891 | 30% | |
| | 29 151 277 | 45 330 801 | (16 179 524) | -36% | |
| TOTAL | 350 668 847 | 409 015 135 | (58 346 288) | -14% | |

APPENDIX E (2)
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY PLANT AND EQUIPMENT): GROUP
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| | 2011/12 Actual | 2011/12 Budget | 2011/12 Variance | 2011/12 Variance | Explanation for Significant Variances greater than 10% vs Budget |
|--------------------------------|--------------------|--------------------|---------------------|---------------------|--|
| | R | R | R | % | |
| LAND AND BUILDINGS | | | | | |
| Administration | 2 528 253 | 1 657 142 | 871 111 | 53% | |
| Housing Schemes | - | - | - | NA | |
| Workshops & Depots | - | - | - | NA | |
| Work in progress - water | - | - | - | 100% | |
| | 2 528 253 | 1 657 142 | 871 111 | | |
| INFRASTRUCTURE | | | | | |
| Reservoirs & Tanks | - | - | - | 100% | |
| Water - Other | 308 965 524 | 260 438 596 | 48 526 928 | 19% | |
| Other | 72 465 | 41 369 298 | (41 296 833) | 100% | |
| Plant and equipment - General | - | - | - | 100% | |
| Laboratory equipment | 9 951 327 | - | 9 951 327 | 100% | |
| Sewers | - | 60 219 298 | (60 219 298) | -100% | |
| | 318 989 316 | 362 027 192 | (43 037 876) | | |
| COMMUNITY | | | | | |
| Clinics & Hospitals | - | - | - | 100% | |
| Fire Stations | - | - | - | 0% | |
| Museum & Art Galleries | - | - | - | 0% | |
| Security System | - | - | - | 0% | |
| INVESTMENT PROPERTIES | - | - | - | 100% | |
| | - | - | - | | |
| OTHER | | | | | |
| Air Conditioners | 200 186 | - | 200 186 | 100% | |
| Computer Hardware | 2 620 564 | 3 995 532 | (1 374 968) | -34% | |
| Computer Software | - | - | - | NA | |
| Office Machines | 4 775 053 | 1 143 779 | 3 631 274 | 100% | |
| Cabinets & Cupboards | - | - | - | 100% | |
| Chairs | 399 226 | - | 399 226 | 100% | |
| Furniture and Fittings : Other | 860 497 | 6 320 376 | (5 459 879) | 100% | |
| Tables & Desks | 384 809 | - | 384 809 | 100% | |
| Laboratory equipment | 14 000 | - | 14 000 | 100% | |
| Lawnmowers | 171 102 | - | 171 102 | 100% | |
| Motor Vehicles | 2 749 076 | 22 859 723 | (20 110 647) | 100% | |
| Plant and Equipment: general | 117 610 | - | 117 610 | 100% | |
| Tractors | 2 660 633 | 197 500 | 2 463 133 | NA | |
| Trucks & Bakkies | 14 294 303 | 10 974 412 | 3 319 891 | 100% | |
| | 29 247 060 | 45 491 322 | (16 244 262) | -36% | |
| TOTAL | 350 764 630 | 409 175 656 | (58 411 026) | -14% | |

APPENDIX F
AMATHOLE DISTRICT MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
DISCLOSURE OF GRANTS & SUBSIDIES IN TERMS OF MFMA
AS AT 30 JUNE 2012

| Name of Grant | Name of Organ of State | QUARTERLY RECEIPTS | | | | | | QUARTERLY EXPENDITURE | | | | | | GRANTS & SUBSIDIES DELAYED/WITHHELD | | | | | | Reason for delay/ withheld | Compliance with DORA | Reason for non-compliance |
|--|------------------------|--------------------|------------|-------------|-------------|------------|------------|-----------------------|------------|-------------|-------------|---------|---------|-------------------------------------|----------|---------|-----|-----|-----|----------------------------|----------------------|---------------------------|
| | | June 11 | Sept 11 | Dec 11 | March 12 | June 12 | June 11 | Sept 11 | Dec 11 | March 12 | June 12 | June 11 | Sept 11 | Dec 11 | March 12 | June 12 | | | | | | |
| | | R | R | R | R | R | R | R | R | R | R | R | R | R | R | R | R | | | | | |
| IDP: Local Municipalities | HLG&TA | | | | | | 104 013 | | | | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Budget Reform | NT | | | | | 852 616 | | 13 287 | 7 220 | - | 718 248 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Seta | LGW Seta | | 427 957 | | 834 471 | 100 596 | 68 080 | 67 257 | 293 742 | 729 | 286 456 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| LG Seta MSU | LGW Seta | | | | | | 71 158 | 1 415 | | | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| MSIG: Road Management System | DHLG&TA | | | | | | 175 439 | | | 24 576 | (14) | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| MSIG: Development of Policies, By Laws and Review MSIG LM'S Spatial Development Plan | DHLG&TA | | 390 000 | | | | 400 000 | | | | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Spatial Development Framework | DHLG&TA | | | | | | | 33 293 | 43 560 | 42 636 | 278 141 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Disaster Management Funds | DHLG&TA/MIG | | | | | | | 1 340 | | | 225 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Bawa Falls: LED | DEDEA | | | | | | | 111 164 | 32 273 | 19 573 | 1 374 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Elliotdale Brick making | DEDEA | | | | | | | 60 600 | 20 200 | 20 200 | 10 100 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Development Craft centre | DEDEA | | | | | | | 48 025 | 9 800 | 68 900 | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| MK Veterans | DHLG&TA | 125 000 | | | | | 52 632 | | 168 522 | 27 586 | 255 024 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Environmental Awareness | DHLG&TA | 155 000 | | | | | | | 864 | 3 375 | 99 891 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Repatriation of Heritage Property | DHLG&TA | | | | | | 19 800 | | | | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| EC Information initiative support | DEDEA | | | | | | | 125 000 | 125 000 | 203 947 | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| PHP Funds | DHLG&TA | | | | | | 60 157 | | | | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Teko Springs Top Structure | DHLG&TA | | | | | | | | | 4 521 | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Development Planning Funds | DHLG&TA | | | | | | 267 954 | 21 675 | 14 875 | | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Development-BNG | HLG&TA | | | | | | 27 350 | | | | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| EDOT Funds | ECDOT | | | | | | 2 168 841 | 148 783 | 2 299 660 | - | 4 268 069 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Bucket Eradication | HLG&TA | | | | | | | | | 31 283 | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| MIG | National Treasury | 73 255 263 | 76 967 000 | 114 640 000 | 129 716 000 | 62 547 869 | 64 539 180 | 52 184 269 | 42 019 277 | | 100 490 221 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| EPWP | Dept Public Works | 2 127 000 | | 3 731 000 | 2 388 000 | 89 760 | 673 763 | 763 935 | 694 102 | (1 836 764) | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Household Leak repair | DWA | 750 000 | | | | | 155 899 | | | | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| DWA Refurbishment | DWA | | | | 2 927 575 | 1 716 773 | 1 327 749 | (1 327 749) | 2 279 372 | 648 203 | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| DWA Bulk water supply Schemes | DWA | 18 394 943 | 11 091 558 | 5 141 883 | 23 969 034 | 12 389 148 | 3 479 702 | 10 143 232 | 10 652 033 | 7 588 978 | 24 002 225 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Idutywa Extention 8 (VIP TOILETS,RDS&W | DWA | | | 277 197 | | | 20 176 | | | 260 367 | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Design Guidelines & Std Drawings | DWA | | | | | | 95 479 | | 56 086 | | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Water Service Capacity Business Plan | DWA | | | | | | 35 800 | | | | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Communal Stand Pipes | DWA | 1 005 854 | | 272 677 | | | 1 303 317 | 186 799 | 270 492 | 53 411 | 55 964 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Daliwe Small Bore System | DWA | | | | | | | 345 713 | 42 466 | | 5 856 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Ground water investigation | DWA | 1 665 419 | | | | | | | | | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Water Conservation & WT Demand Mngt | DWA | | | | | | | 101 100 | 68 450 | | 68 450 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Business Plans For WSP's | DWA | | | | | | | | 199 100 | | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Public Awareness | DWA | | | | | | - | | | | 140 720 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| Vuna Award | Local Gov | | | | 40 000 | | | | | | | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |
| DWA(support drought issues) | DWA | | | | 3 547 869 | | 715 654 | 352 000 | (352 000) | 352 000 | 3 045 363 | N/A | N/A | N/A | N/A | N/A | N/A | yes | N/A | | | |

ANNEXURE 1
AMATHOLE DISTRICT MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONDITIONAL GRANTS AND RECEIPTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| CONDITIONAL GRANTS AND RECEIPTS | Account Number | Balance at 01/07/2011 | Contributions during the Year | Other Income | Interest on Investments | Expenditure during the Year | Balance at 30/06/2012 |
|--|-----------------------|------------------------------|--------------------------------------|---------------------|--------------------------------|------------------------------------|------------------------------|
| | | R | R | R | R | R | R |
| BUDGET REFORM | 98-06-8-06-307 | 216 578 | - | 153 509 | 699 107 | 738 755 | 330 439 |
| FREE BASIC SERVICES STRATEGY DEVELOPMENT | 98-06-8-06-338 | 330 000 | - | - | - | - | 330 000 |
| REVENUE ENHANCEMENT STRATEGY | 98-06-8-06-340 | 4 470 | - | (4 470) | - | - | - |
| | | - | | | | | - |
| SETA: IMPLEMENTATION | 98-06-8-06-309 | 724 393 | - | 1 363 024 | - | 648 183 | 1 439 234 |
| DEVELOPMENT OF LIBRARIES FOR LM's | 98-06-8-06-335 | 2 602 | - | - | (2 602) | - | - |
| VUNA AWARDS-PMS | 98-06-8-06-336 | 23 363 | - | 40 000 | - | 55 357 | 8 006 |
| NKONKOBÉ PUBLIC LIBRARY | 98-06-8-06-346 | 3 030 | - | - | (3 030) | - | - |
| | | - | | | | | - |
| EASTERN REGIONAL SOLID WASTE (GK) | 98-07-8-07-101 | - | - | 96 000 | - | 59 519 | 36 481 |
| FINGOLAND REGIONAL AUTHORITY | 98-07-8-07-102 | 101 278 | - | - | - | - | 101 278 |
| DWA ONCE OFF ACCOMMODATION | 98-07-8-07-111 | - | 371 286 | - | - | 165 669 | 205 617 |
| DWAF REFURBISHMENT | 98-07-8-07-112 | - | 2 927 575 | - | - | 2 927 575 | - |
| WMIS GRANT | 98-07-8-07-114 | 17 306 | - | - | - | - | 17 306 |
| WATER SERVICE CAPACITY BUSINESS PLAN1011 | 98-07-8-07-115 | 399 789 | - | - | - | - | 399 789 |
| WATER MANAGEMENT PLAN | 98-07-8-07-116 | 9 628 | - | - | - | - | 9 628 |
| ROOF TOP RAIN WATER HARVESTING | 98-07-8-07-118 | 510 757 | - | - | - | - | 510 757 |
| DESIGN GUIDELINES & STANDARD DRAWINGS | 98-07-8-07-119 | 150 657 | - | - | - | 56 086 | 94 571 |
| WATER CONSERVATION & WATER DEMAND MANAGEMENT | 98-07-8-07-120 | 264 200 | - | - | - | 238 000 | 26 200 |
| BUSINESS PLANS FOR WATER SERVICE PROVIDERS | 98-07-8-07-121 | 242 950 | - | - | - | 199 100 | 43 850 |
| DALIWE SMALL BORE SYSTEM | 98-07-8-07-122 | 394 124 | - | (90) | - | 394 034 | - |
| GROUND WATER INVESTIGATION | 98-07-8-07-123 | 1 665 419 | - | (617 967) | - | 933 804 | 113 648 |
| HOUSEHOLD LEAK REPAIR | 98-07-8-07-124 | 750 000 | - | - | - | 416 476 | 333 524 |
| NGQUSI RAIN WATER HARVESTING | 98-07-8-07-125 | - | 207 000 | 617 967 | - | 603 204 | 221 763 |
| ROAD ASSET MANAGEMENT SYSTEM | 98-07-8-07-126 | - | - | 1 687 000 | - | 940 306 | 746 694 |
| ADELAIDE WATER RE-USE PHASE 1 | 98-07-8-07-127 | - | 2 400 000 | - | - | 527 222 | 1 872 778 |
| WATER SERVICE AUTHORITY ROUTINE MONITORING PROGRAMME | 98-07-8-07-129 | - | 400 000 | - | - | - | 400 000 |
| SANITATION PROJECTS | 98-07-8-07-161 | 886 223 | - | 2 123 | - | 888 346 | - |
| COMMUNAL WATER STATIONS (DST/CSIR) | 98-07-8-07-166 | 207 000 | - | 715 311 | - | 566 666 | 355 645 |
| ELLIOTDALE BNG HOUSES | 98-07-8-07-177 | 96 484 | - | - | - | - | 96 484 |
| IDUTYWA EXTENTION 8 (VIP TOILETS,RDS&W) | 98-07-8-07-178 | 154 849 | - | 277 197 | - | 260 367 | 171 679 |
| GRANTS IN AID 2006/2007 | 98-07-8-07-190 | 886 327 | (886 327) | - | - | - | - |
| EASTERN CAPE DEPT OF TRANSPORT FUNDS | 98-07-8-07-251 | 11 438 638 | 886 327 | - | - | 6 716 512 | 5 608 453 |
| EPWLLP | 98-07-8-07-600 | 7 481 209 | - | 3 731 000 | - | 295 036 | 10 917 173 |
| BUCKET ERADICATION | 98-09-8-09-002 | 35 661 | - | - | - | 31 283 | 4 378 |
| DWA-BULK WATER SUPPLY SCHEME | 98-11-8-11-250 | 15 859 988 | 14 629 742 | 33 566 879 | - | 52 386 469 | 11 670 140 |
| DWA SUPPORT (DROUGHT ISSUES) | 98-11-8-11-280 | - | - | 3 547 869 | - | 3 397 363 | 150 506 |
| MUNICIPAL INFRASTRUCTURE GRANT (MIG) | 98-12-8-12-000 | - | - | 321 323 000 | - | 259 232 947 | 62 090 053 |
| FLOOD RELIEF PROJECTS | 98-12-8-12-050 | 510 076 | - | - | - | - | 510 076 |
| | | - | | | | | - |
| DISASTER: REBUILD FUND | 98-06-8-06-409 | 202 651 | - | - | - | 188 113 | 14 538 |
| CAPACITATE AND RESOURCE CENTRE | 98-06-8-06-415 | 1 187 941 | - | - | - | 717 783 | 470 158 |
| SATELITE FIRE STATION-CHINTSA | 98-06-8-06-447 | 385 397 | - | - | - | 379 077 | 6 320 |
| SATELITE FIRE STATION-KEI MOUTH | 98-06-8-06-448 | 1 092 298 | - | - | - | 386 380 | 705 918 |
| FIRE SERVICES-CONTINGENCY FUNDS | 98-06-8-06-449 | 207 | - | - | - | - | 207 |
| HIV/AIDS NGO'S | 98-06-8-06-500 | 1 010 | - | (1 010) | - | - | - |
| MIG-DISASTER MANAGEMENT | 98-06-8-06-606 | 164 380 | - | 4 | - | 164 384 | - |
| | | - | | | | | - |
| TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE | 98-06-8-06-348 | 105 963 | - | - | - | - | 105 963 |
| MK VETERANS | 98-06-8-06-808 | 119 990 | - | - | - | 104 130 | 15 860 |
| REPETRIATION OF HERITAGE PROPERTY | 98-06-8-06-810 | 696 | - | (696) | - | - | - |
| DEVELOPMENT CRAFT CENTRE | 98-06-8-06-811 | 2 632 889 | - | - | - | 451 132 | 2 181 757 |
| CAPACITY BUILDING FOR LOCAL MUNICIPALITIES | 98-06-8-06-812 | 112 585 | - | - | - | 81 000 | 31 585 |
| BAWA FALLS LED PROJECT | 98-06-8-06-912 | 782 167 | - | - | - | 90 900 | 691 267 |
| SILWINDLALA WOMEN'S PROJECT | 98-06-8-06-927 | 37 747 | - | - | - | 25 327 | 12 420 |
| SKILLS DEVELOPMENT CENTRE | 98-06-8-06-930 | 322 674 | - | - | - | 298 123 | 24 551 |
| BALFOUR SAWMILLS | 98-06-8-06-931 | 300 000 | - | - | - | - | 300 000 |
| HIGHLANDS RESORT | 98-06-8-06-932 | 117 200 | - | - | - | 41 364 | 75 836 |
| PEDDIE BRICK MAKING | 98-06-8-06-933 | 70 335 | - | - | - | - | 70 335 |
| ELLIOTDALE BRICK MAKING | 98-06-8-06-935 | 359 529 | - | - | - | 126 725 | 232 804 |
| INKUTHALO HYDROPONICS | 98-06-8-06-936 | 200 054 | - | - | - | - | 200 054 |
| LED STRATEGY | 98-06-8-06-938 | 660 521 | - | - | - | 236 200 | 424 321 |
| CO-OPERATIVES SPECIALIST | 98-06-8-06-939 | 162 000 | - | - | - | 9 000 | 153 000 |
| TOURISM SURVEY | 98-06-8-06-940 | 98 094 | - | - | - | - | 98 094 |
| PLOUGHING CONTACTORS-WARD 10 | 98-06-8-06-943 | 8 000 | - | - | - | - | 8 000 |
| EC INFORMATION INITIATIVE SUPPORT | 98-06-8-06-945 | 500 000 | - | - | - | 453 947 | 46 053 |
| PLOUGHING CONTRACTOR-NGXAKAXA | 98-06-8-06-946 | 40 000 | - | - | - | 29 850 | 10 150 |
| NXUBA DAM CHALET'S DEVELOPMENT | 98-06-8-06-947 | 17 895 | - | - | - | - | 17 895 |
| TOURISM MARKETING STRATEGY | 98-06-8-06-948 | 3 475 | - | - | - | - | 3 475 |
| PLOUGHING CONTRACTOR-WARD 15 | 98-06-8-06-949 | 20 000 | 38 950 | - | - | 33 710 | 25 240 |
| LED CAPACITY BUILDING-NGQUSHWA | 98-06-8-06-951 | 350 000 | - | - | - | - | 350 000 |
| VICTORIA POST | 98-07-8-07-002 | 225 000 | - | - | - | 30 000 | 195 000 |
| TEKO SPRINGS/NDLOVINI | 98-07-8-07-005 | 92 461 | - | - | - | 24 300 | 68 161 |
| NEEDS CAMP | 98-07-8-07-006 | 33 714 | - | - | - | - | 33 714 |
| HOGSBACK | 98-07-8-07-009 | 130 884 | - | - | - | - | 130 884 |
| HAGA HAGA | 98-07-8-07-010 | 213 473 | - | - | - | - | 213 473 |
| WILLOWVALE | 98-07-8-07-011 | 404 957 | - | - | - | 233 003 | 171 954 |
| ELLIOTDALE | 98-07-8-07-012 | 9 275 | - | - | - | - | 9 275 |

ANNEXURE 1
 AMATHOLE DISTRICT MUNICIPALITY
 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
 CONDITIONAL GRANTS AND RECEIPTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| <i>CONDITIONAL GRANTS AND RECEIPTS</i> | Account Number | Balance at 01/07/2011 | Contributions during the Year | Other Income | Interest on Investments | Expenditure during the Year | Balance at 30/06/2012 |
|--|-------------------|--------------------------|-------------------------------------|-----------------|-------------------------------|-----------------------------------|--------------------------|
| | | R | R | R | R | R | R |
| NDEVANA | 98-07-8-07-015 | 34 766 | - | - | - | - | 34 766 |

ANNEXURE 1
AMATHOLE DISTRICT MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONDITIONAL GRANTS AND RECEIPTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

| CONDITIONAL GRANTS AND RECEIPTS | Account Number | Balance at 01/07/2011 | Contributions during the Year | Other Income | Interest on Investments | Expenditure during the Year | Balance at 30/06/2012 |
|--|-----------------------|------------------------------|--------------------------------------|---------------------|--------------------------------|------------------------------------|------------------------------|
| | | R | R | R | R | R | R |
| MSOMBOMVU | 98-07-8-07-020 | 57 530 | - | - | - | - | 57 530 |
| HERTZOG | 98-07-8-07-022 | 84 070 | - | - | - | - | 84 070 |
| GREAT KEI PLANNING FUNDS | 98-07-8-07-023 | 23 327 | - | - | - | - | 23 327 |
| MNQUMA PLANNING FUNDS | 98-07-8-07-024 | 110 000 | - | - | - | - | 110 000 |
| NGQUSHWA PLANNING FUNDS | 98-07-8-07-025 | 46 667 | - | - | - | - | 46 667 |
| NKONKOBÉ PLANNING FUNDS | 98-07-8-07-026 | 53 063 | - | - | - | - | 53 063 |
| MNQUMA SURVEY | 98-07-8-07-028 | 25 000 | - | - | - | - | 25 000 |
| NGQUSHWA SURVEY FUNDS | 98-07-8-07-035 | 177 510 | - | - | - | - | 177 510 |
| NKONKOBÉ SURVEY | 98-07-8-07-036 | 116 200 | - | - | - | - | 116 200 |
| LEWIS SURVEY | 98-07-8-07-037 | 141 125 | - | - | - | - | 141 125 |
| PRUDOE ENG DESIGN | 98-07-8-07-045 | 1 348 | - | - | - | - | 1 348 |
| DONGWE ENG DESIGN | 98-07-8-07-046 | 9 499 | - | - | - | - | 9 499 |
| TEKOSPRINGS INFRASTRUCTURE | 98-07-8-07-065 | 1 692 000 | - | - | - | 1 692 000 | - |
| KUBUSIE ESTABLISHMENT GRANT | 98-07-8-07-076 | 44 230 | - | - | - | 9 160 | 35 070 |
| NDLOVINI ESTABLISHMENT GRANT | 98-07-8-07-077 | 10 291 | - | - | - | - | 10 291 |
| DUCATS ESTABLISHMENT GRANT | 98-07-8-07-078 | 93 742 | - | - | - | 23 200 | 70 542 |
| MACLEAN/T ESTAB GRANT | 98-07-8-07-079 | 16 849 | - | - | - | - | 16 849 |
| PRUDOE ESTABLISHMENT GRANT | 98-07-8-07-080 | 58 248 | - | - | - | 5 010 | 53 238 |
| DONGWE PRODOE ESTABLISHMENT GRANT | 98-07-8-07-081 | 78 475 | - | - | - | 1 800 | 76 675 |
| TEKO SPRING ESTABLISHMENT GRANT | 98-07-8-07-082 | 37 332 | - | - | - | 2 250 | 35 082 |
| NEEDS CAMP ESTABLISHMENT GRANT | 98-07-8-07-083 | 66 222 | - | - | - | - | 66 222 |
| TEKO SPRING TOP STRUCTURE | 98-07-8-07-084 | 110 959 | - | - | - | 4 521 | 106 438 |
| PRUDOE TOP STRUCTURE | 98-07-8-07-085 | 482 535 | - | - | - | - | 482 535 |
| DONGWE TOP STRUCTURE | 98-07-8-07-086 | 1 347 309 | - | - | - | - | 1 347 309 |
| NEEDSCAMP TOP STRUCTURE | 98-07-8-07-087 | 3 838 | - | - | - | - | 3 838 |
| DUCATS TOP STRUCTURE SUBSIDY | 98-07-8-07-088 | 23 234 | - | - | - | - | 23 234 |
| KUBUSI TOP STRUCTURE | 98-07-8-07-089 | 580 656 | - | - | - | 526 513 | 54 143 |
| MACLEANTOWN TOP STRUCTURE | 98-07-8-07-090 | 867 953 | - | - | - | - | 867 953 |
| LILYVALE KAYB ESTABLISHMENT GRANT | 98-07-8-07-092 | 2 643 | - | - | - | - | 2 643 |
| KAYSERS BEACH HOUSING PROJECT | 98-07-8-07-093 | 529 380 | - | - | - | - | 529 380 |
| LILLYVALE TOP STRUCTURE | 98-07-8-07-094 | 1 861 879 | - | - | - | - | 1 861 879 |
| LILLYVALE ENG DESIGNS | 98-07-8-07-095 | 5 940 | - | - | - | - | 5 940 |
| LILLYVALE TOWN PLANNING | 98-07-8-07-096 | - | - | 15 400 | - | 15 400 | - |
| CHANTA DEVELOPMENT FUND | 98-07-8-07-152 | 2 413 456 | - | - | - | - | 2 413 456 |
| DWESA CWEBE RESTITUTIONAL | 98-07-8-07-153 | 5 329 653 | - | - | - | - | 5 329 653 |
| PLANNING GRANT DLA | 98-07-8-07-158 | 1 897 706 | - | - | - | 5 425 | 1 892 281 |
| RESTITUTION AWARD(DLA) | 98-07-8-07-159 | 44 307 718 | - | - | - | - | 44 307 718 |
| DEVELOPMENT PLANNING-BNG FUNDS | 98-07-8-07-172 | 37 872 | (1 322) | - | - | 36 550 | - |
| BENEFICIARY ADMINISTRATION (BNG) | 98-07-8-07-173 | 147 365 | - | - | - | 45 625 | 101 740 |
| GEOTECHNICAL INVESTIGATION | 98-07-8-07-174 | 312 | (312) | - | - | - | - |
| ENVIRONMENTAL IMPACT ASSESMENT | 98-07-8-07-175 | 1 032 095 | - | - | - | 137 960 | 894 135 |
| GEO HYDROLOGY | 98-07-8-07-176 | 1 394 200 | - | - | - | - | 1 394 200 |
| H&LG SURVEY FUNDS | 98-07-8-07-451 | 129 400 | - | - | - | 67 720 | 61 680 |
| DELEGATION POLICIES | 98-06-8-06-022 | - | - | 150 000 | - | 80 929 | 69 071 |
| COMPUTERISED SYSTEMS FOR LM'S | 98-06-8-06-023 | - | - | 100 000 | - | 96 007 | 3 993 |
| WORKPLACE SKILLS PLANS FOR LM'S | 98-06-8-06-024 | - | - | 150 000 | - | 123 867 | 26 133 |
| MSIG:ROAD MANAGEMENT SYSTEM | 98-06-8-06-031 | 24 561 | - | - | - | 24 561 | - |
| SPATIAL DEVELOPMENT FRAMEWORK PLANS | 98-06-8-06-037 | 1 565 | - | - | - | 1 565 | - |
| MSIG:LAND ADMIN-CAPACITY BUILDING(LM'S) | 98-06-8-06-040 | 18 720 | - | - | - | 18 720 | - |
| REVIEW MSIG LOCAL MUNICIPALITIES SPATIAL DEVELOPMENT PLANS | 98-06-8-06-043 | 72 318 | - | 390 000 | - | 397 629 | 64 689 |
| MINIMUM COMPETENCY:RPL | 98-06-8-06-327 | - | 718 248 | - | - | 188 | 718 060 |
| IDP-LOCAL MUNICIPALITIES | 98-06-8-06-228 | 12 974 | - | - | - | 1 048 | 11 926 |
| LG SETS MUNICIPAL SUPPORT UNIT | 98-06-8-06-328 | 6 741 | - | - | - | 1 415 | 5 326 |
| LAND USE MANAGEMENT | 98-06-8-06-330 | 74 760 | - | - | - | 53 256 | 21 504 |
| PUBLIC AWARENESS | 98-06-8-06-358 | 295 241 | - | - | - | 220 247 | 74 994 |
| CO-FUNDING WATER CONSERVATION(DWAF) | 98-06-8-06-359 | 474 000 | - | - | - | 474 000 | - |
| TOTAL MUNICIPALITY | | 120 996 939 | 21 691 167 | 367 302 050 | 693 475 | 340 849 294 | 169 834 335 |
| ASPIRE | | | | | | | |
| INDUSTRIAL DEVELOPMENT CORPORATION | | 1 815 372 | 3 000 000 | - | - | 3 132 241 | 1 683 131 |
| BURP | | 1 370 244 | - | - | - | 1 370 244 | - |
| NGQUSHWA MUNICIPALITY | | 67 000 | - | - | - | - | 67 000 |
| INDALO YETHU | | - | 2 367 722 | - | - | 2 344 341 | 23 381 |
| DEDEA - WOODHOUSE | | 948 530 | - | - | - | 948 530 | - |
| EASTERN CAPE DEVELOPMENT CORPORATION | | 90 900 | 419 740 | - | - | 125 702 | 384 938 |
| NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT - Technical Assistance | | - | 1 584 544 | - | - | 1 584 544 | - |
| NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT - Capital | | 9 222 269 | 71 450 000 | - | - | 52 509 006 | 28 163 263 |
| MBASHE MUNICIPALITY - N2 Summit | | 87 719 | - | - | - | - | 87 719 |
| AREDS | | - | - | - | - | - | - |
| DNT - HAMBURG ARTS RESIDENCY | | 3 494 961 | 6 487 394 | - | - | 8 746 050 | 1 236 305 |
| DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM | | 316 449 | 9 175 532 | - | - | 9 175 532 | 316 449 |
| DEVELOPMENT BANK OF SOUTH AFRICA | | 96 491 | - | - | - | - | 96 491 |
| TOTAL ASPIRE | | 17 509 935 | 94 484 932 | - | - | 79 936 190 | 32 058 677 |
| TOTAL: GROUP GRANTS & RECEIPTS | | 138 506 874 | 116 176 099 | 367 302 050 | 693 475 | 420 785 484 | 201 893 012 |

ANNEXURE 2
AMATHOLE DISTRICT MUNICIPALITY AND GROUP
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

| Description | 2011/2012 | | | | | | | | | | | 2010/2011 | | | |
|--|------------------|---|--------------------------|--|---|------------------|------------------|--------------------------|----------------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Revenue - Standard | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 816 641 | 4 940 | 821 581 | – | – | 821 581 | 862 100 | – | (40 518) | 0 | 0 | – | – | – | 753 225 |
| Executive and council | 667 934 | (2 060) | 665 874 | – | – | 665 874 | 704 060 | – | (38 186) | 106% | 105% | – | – | – | 625 985 |
| Budget and treasury office | 81 346 | – | 81 346 | – | – | 81 346 | 91 284 | – | (9 938) | 112% | 112% | – | – | – | 72 532 |
| Corporate services | 67 361 | 7 000 | 74 361 | – | – | 74 361 | 66 756 | – | 7 605 | 90% | 99% | – | – | – | 54 709 |
| <i>Community and public safety</i> | 62 878 | – | 62 878 | – | – | 62 878 | 87 856 | – | (24 978) | – | – | – | – | – | 121 045 |
| Public safety | 2 698 | – | 2 698 | – | – | 2 698 | 4 990 | – | (2 292) | 185% | 185% | – | – | – | 8 244 |
| Housing | – | – | – | – | – | – | 4 843 | – | (4 843) | 100% | 100% | – | – | – | 54 816 |
| Health | 60 179 | – | 60 179 | – | – | 60 179 | 78 022 | – | (17 843) | 130% | 130% | – | – | – | 57 985 |
| <i>Economic and environmental services</i> | 144 934 | 151 133 | 296 066 | – | – | 296 066 | 4 | – | 296 063 | – | – | – | – | – | 657 |
| Planning and development | 144 934 | 151 133 | 296 066 | – | – | 296 066 | 4 | – | 296 063 | 0% | 0% | – | – | – | 657 |
| <i>Trading services</i> | 280 390 | 25 275 | 305 665 | – | – | 305 665 | 207 974 | – | 97 691 | 0 | – | – | – | – | 145 562 |
| Water | – | 25 275 | 25 275 | – | – | 25 275 | – | – | 25 275 | 0% | 100% | – | – | – | 101 951 |
| Waste water management | 175 186 | – | 175 186 | – | – | 175 186 | 70 858 | – | 104 328 | 40% | 40% | – | – | – | 43 612 |
| Waste management | 103 204 | – | 103 204 | – | – | 103 204 | 137 116 | – | (33 912) | 133% | 133% | – | – | – | – |
| <i>Other</i> | 2 000 | – | 2 000 | – | – | 2 000 | – | – | 2 000 | 0% | 0% | – | – | – | – |
| Total Revenue - Standard | 1 304 843 | 181 348 | 1 486 190 | – | – | 1 486 190 | 1 157 933 | – | 656 515 | – | – | – | – | – | 1 020 490 |
| Expenditure - Standard | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 266 895 | 4 180 | 271 074 | – | (49 455) | 221 620 | 320 699 | – | (99 079) | 0 | 0 | – | – | – | 224 288 |
| Executive and council | 105 538 | (2 820) | 102 718 | – | (33 841) | 68 877 | 165 928 | – | (97 051) | 241% | 157% | – | – | – | 97 980 |
| Budget and treasury office | 80 081 | – | 80 081 | – | (13 253) | 66 828 | 71 819 | – | (4 991) | 107% | 90% | – | – | – | 44 470 |
| Corporate services | 81 275 | 7 000 | 88 275 | – | (2 360) | 85 915 | 82 952 | – | 2 964 | 97% | 102% | – | – | – | 81 838 |
| <i>Community and public safety</i> | 60 937 | – | 60 937 | – | (3 466) | 57 471 | 82 997 | – | (25 526) | – | – | – | – | – | 83 554 |
| Public safety | 27 414 | – | 27 414 | – | (1 855) | 25 559 | 24 917 | – | 642 | 97% | 91% | – | – | – | 25 076 |
| Housing | 6 878 | – | 6 878 | – | 634 | 7 513 | 31 255 | – | (23 743) | 416% | 454% | – | – | – | 24 345 |
| Health | 26 645 | – | 26 645 | – | (2 245) | 24 400 | 26 825 | – | (2 425) | 110% | 101% | – | – | – | 34 134 |
| <i>Economic and environmental services</i> | 86 641 | 151 893 | 238 534 | – | 55 786 | 294 320 | 46 229 | – | 248 091 | – | – | – | – | – | 25 759 |
| Planning and development | 86 641 | 151 893 | 238 534 | – | 55 786 | 294 320 | 46 229 | – | 248 091 | 16% | 53% | – | – | – | 25 759 |
| <i>Trading services</i> | 474 235 | 25 275 | 499 510 | – | 4 255 | 503 765 | 491 784 | – | 11 980 | – | – | – | – | – | 406 913 |
| Water | 384 852 | 25 275 | 410 127 | – | (5 278) | 404 848 | 391 451 | – | 13 397 | 97% | 102% | – | – | – | 327 633 |
| Waste water management | 87 383 | – | 87 383 | – | 9 776 | 97 159 | 98 688 | – | (1 528) | 102% | 113% | – | – | – | 79 078 |
| Waste management | 2 000 | – | 2 000 | – | (243) | 1 757 | 1 645 | – | 111 | 94% | 82% | – | – | – | 203 |
| Total Expenditure - Standard | 888 707 | 181 348 | 1 070 055 | – | 7 120 | 1 077 175 | 941 709 | – | 270 933 | – | – | – | – | – | 740 514 |
| Surplus/(Deficit) for the year | 416 135 | – | 416 135 | – | (7 120) | 409 015 | 216 224 | – | 385 582 | – | – | – | – | – | 279 976 |
| ASPIRE | | | | | | | | | | | | | | | |
| <i>Revenue - Standard</i> | 116 560 | 17 122 | 133 682 | – | – | 133 682 | 93 871 | – | 39 811 | 0 | 0 | – | – | – | 60 738 |
| <i>Expenditure - Standard</i> | 116 895 | 17 621 | 134 516 | – | – | 134 516 | 93 785 | – | 40 731 | 0 | 0 | – | – | – | 58 013 |
| Surplus for the year - ASPIRE | (335) | (499) | (834) | – | – | (834) | 85 | – | (919) | (0) | (0) | – | – | – | 2 725 |
| Surplus for the year - GROUP | 415 801 | (499) | 415 301 | – | – | 408 181 | 216 310 | – | 384 662 | 0 | 0 | – | – | – | 282 701 |

ANNEXURE 2
AMATHOLE DISTRICT MUNICIPALITY AND GROUP
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | 2011/2012 | | | | | | | | | | | 2010/2011 | | | |
|--|------------------|---|--------------------------|--|---|------------------|------------------|--------------------------|----------------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| MUNICIPALITY | | | | | | | | | | | | | | | |
| <u>Revenue by Vote</u> | | | | | | | | | | | | | | | |
| Vote 2 - Executive & Council | 47 492 | - | 47 492 | - | - | 47 492 | 21 782 | - | 25 710 | 46% | 46% | - | - | - | 22 823 |
| Vote 4 - Strategic Management | 65 301 | 151 133 | 216 433 | - | - | 216 433 | 58 052 | - | 158 382 | 27% | 89% | - | - | - | 88 765 |
| Vote 5 - Corporate Services | 66 031 | 7 000 | 73 031 | - | - | 73 031 | 66 689 | - | 6 342 | 91% | 101% | - | - | - | 23 806 |
| Vote 6 - Budget & Treasury | 81 346 | - | 81 346 | - | - | 81 346 | 91 284 | - | (9 938) | 112% | 112% | - | - | - | 72 532 |
| Vote 8 - Engineering Department | 592 512 | - | 592 512 | - | - | 592 512 | 558 409 | - | 34 103 | 94% | 94% | - | - | - | 497 845 |
| Vote 9 - Health & Protection Department | 62 878 | - | 62 878 | - | - | 62 878 | 83 013 | - | (20 135) | 132% | 132% | - | - | - | 61 804 |
| Vote 10 - O&m Water And Sanitation | 278 350 | 25 275 | 303 625 | - | - | 303 625 | 207 974 | - | 95 651 | 68% | 75% | - | - | - | 145 561 |
| Vote 11 - Land Human Settlements & Eco Development | 81 618 | - | 81 618 | - | - | 81 618 | 51 515 | - | 30 103 | 63% | 63% | - | - | - | 55 472 |
| Vote 12 - Municipal Management | 29 315 | (2 060) | 27 256 | - | - | 27 256 | 19 216 | - | 8 039 | 71% | 66% | - | - | - | 47 457 |
| Total Revenue by Vote | 1 304 843 | 181 348 | 1 486 190 | - | - | 1 486 190 | 1 157 933 | - | 328 257 | - | - | - | - | - | 1 020 490 |
| <u>Expenditure by Vote to be appropriated</u> | | | | | | | | | | | | | | | |
| Vote 2 - Executive & Council | 47 045 | - | 47 045 | - | (11) | 47 034 | - | - | 47 034 | 0% | 0% | - | - | - | 24 286 |
| Vote 3 - Alternative To Levy Income Grant | - | - | - | - | - | - | 72 135 | - | (72 135) | 100% | 100% | - | - | - | - |
| Vote 4 - Strategic Management | 63 082 | 151 133 | 214 214 | - | 51 713 307.00 | 265 928 | 67 521 | - | 198 406 | 25% | 107% | - | - | - | 67 398 |
| Vote 5 - Corporate Services | 64 260 | 7 000 | 71 260 | - | -8 870 215.00 | 62 390 | 71 819 | - | (9 429) | 115% | 112% | - | - | - | 39 655 |
| Vote 6 - Budget & Treasury | 80 081 | - | 80 081 | - | -15 090 854.00 | 64 990 | - | - | 64 990 | 0% | 0% | - | - | - | 44 470 |
| Vote 8 - Engineering Department | 39 254 | - | 39 254 | - | -6 163 787.00 | 33 091 | 51 742 | - | (18 651) | 156% | 132% | - | - | - | 31 431 |
| Vote 9 - Health & Protection Department | 54 059 | - | 54 059 | - | -4 100 000.00 | 49 959 | 486 060 | - | (436 101) | 973% | 899% | - | - | - | 54 862 |
| Vote 10 - O&m Water And Sanitation | 461 617 | 25 275 | 486 892 | - | 4 497 681.00 | 491 389 | 56 188 | - | 435 201 | 11% | 12% | - | - | - | 403 095 |
| Vote 11 - Land Human Settlements & Eco Development | 50 681 | - | 50 681 | - | -13 686 501.00 | 36 994 | 14 812 | - | 22 182 | 40% | 29% | - | - | - | 42 885 |
| Vote 12 - Municipal Management | 28 628 | (2 060) | 26 569 | - | -1 168 257.00 | 25 400 | - | - | 25 400 | 0% | 0% | - | - | - | 28 084 |
| Total Expenditure by Vote | 888 707 | 181 348 | 1 070 055 | - | 7 120 | 1 077 175 | 941 709 | - | 135 467 | - | - | - | - | - | 740 514 |
| Surplus for the year MUNICIPALITY | 416 135 | - | 416 135 | - | - | 409 015 | 216 224 | - | 192 791 | - | - | - | - | - | 279 976 |
| ASPIRE | | | | | | | | | | | | | | | |
| <u>Revenue by Vote</u> | | | | | | | | | | | | | | | |
| Vote 14 - Amathole Economic Development Agency | 116 560 | 17 122 | 133 682 | - | - | 133 682 | 93 871 | - | 39 811 | 0 | 0 | - | - | - | 60 738 |
| <u>Expenditure by Vote to be appropriated</u> | | | | | | | | | | | | | | | |
| Vote 14 - Amathole Economic Development Agency | 116 895 | 17 621 | 134 516 | - | - | 134 516 | 93 785 | - | 40 731 | 0 | 0 | - | - | - | 58 013 |
| Surplus for the year ASPIRE | (335) | (499) | (834) | - | - | (834) | 85 | - | (919) | | | | | | 2 725 |
| Surplus for the year - GROUP | 415 801 | (499) | 415 301 | - | - | 408 181 | 216 310 | - | 191 871 | - | - | - | - | - | 282 701 |

ANNEXURE 2
AMATHOLE DISTRICT MUNICIPALITY AND GROUP
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure) - MUNICIPALITY

| Description | 2011/2012 | | | | | | | | | | | 2010/2011 | | | |
|--|------------------|---|--------------------------|--|---|------------------|------------------|--------------------------|----------------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (I.t.o. S28 and S31 of the MFMA) | Final adjustments budget | Shifting of funds (I.t.o. S31 of the MFMA) | Virement (I.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Revenue By Source | | | | | | | | | | | | | | | |
| Service charges - water revenue | 66 164 | - | 66 164 | - | - | 66 164 | 99 732 | - | (33 568) | 151% | 151% | - | - | - | 70 496 |
| Service charges - sanitation revenue | 59 665 | - | 59 665 | - | - | 59 665 | 69 772 | - | (10 107) | 117% | 117% | - | - | - | 43 402 |
| Service charges - other | 1 922 | - | 1 922 | - | - | 1 922 | 3 142 | - | (1 220) | 163% | 163% | - | - | - | 1 851 |
| Rental of facilities and equipment | 255 | - | 255 | - | - | 255 | 311 | - | (57) | 122% | 122% | - | - | - | 269 |
| Interest earned - external investments | 20 000 | - | 20 000 | - | - | 20 000 | 37 947 | - | (17 947) | 190% | 190% | - | - | - | 40 141 |
| Interest earned - outstanding debtors | - | - | - | - | - | - | 27 187 | - | (27 187) | 100% | 100% | - | - | - | 22 839 |
| Fines | 10 | - | 10 | - | - | 10 | - | - | 10 | 0% | 0% | - | - | - | - |
| Transfers recognised - operational | 555 893 | (1 123) | 554 770 | - | - | 554 770 | 871 358 | - | (316 588) | 157% | 157% | - | - | - | - |
| Other revenue | 600 934 | 182 471 | 783 404 | - | - | 783 404 | 48 484 | - | 734 921 | 6% | 8% | - | - | - | 44 246 |
| Gains on disposal of PPE | - | - | - | - | - | - | 997 | - | (997) | 100% | 100% | - | - | - | 321 |
| Total Revenue | 1 304 843 | 181 348 | 1 486 190 | - | - | 1 486 190 | 1 158 930 | - | 327 260 | - | - | - | - | - | 1 022 208 |
| Expenditure By Type | | | | | | | | | | | | | | | |
| Employee related costs | 328 057 | - | 328 057 | - | (1 865) | 326 192 | 312 630 | - | 13 561 | 96% | 95% | - | - | - | 248 389 |
| Remuneration of councillors | 13 080 | - | 13 080 | - | 37 981 | 51 062 | 10 538 | - | 40 523 | 21% | 81% | - | - | - | 11 307 |
| Debt impairment | 66 260 | - | 66 260 | - | 5 188 | 71 448 | 106 664 | - | (35 215) | 149% | 161% | - | - | - | 91 901 |
| Depreciation & asset impairment | 84 285 | - | 84 285 | - | 38 | 84 324 | 88 674 | - | (4 350) | 105% | 105% | - | - | - | 76 608 |
| Finance charges | 118 | - | 118 | - | (11 766) | (11 648) | 115 | - | (11 763) | -1% | 97% | - | - | - | 194 |
| Bulk purchases | 60 481 | - | 60 481 | - | - | 60 481 | 45 859 | - | 14 622 | 76% | 76% | - | - | - | 37 980 |
| Other materials | - | - | - | - | (24 169) | (24 169) | - | - | (24 169) | 0% | 100% | - | - | - | - |
| Contracted services | 55 800 | - | 55 800 | - | (2 015) | 53 784 | 53 784 | - | 0 | 100% | 96% | - | - | - | 48 136 |
| Transfers and grants | 15 029 | 1 565 | 16 593 | - | 0 | 16 593 | 254 | - | 16 339 | 2% | 2% | - | - | - | 1 967 |
| Other expenditure | 265 597 | 179 783 | 445 380 | - | 9 136 | 454 516 | 323 030 | - | 131 486 | 71% | 122% | - | - | - | 316 164 |
| Loss on disposal of PPE | - | - | - | - | - | - | - | - | - | 0% | 0% | - | - | - | - |
| Total Expenditure | 888 707 | 181 348 | 1 070 055 | - | 12 528 | 1 082 582 | 941 549 | - | 141 034 | 0 | 0 | - | - | - | 832 646 |
| Surplus/(Deficit) | 416 135 | - | 416 135 | - | (12 528) | 403 608 | 217 381 | - | 186 227 | (0) | (0) | - | - | - | 189 562 |
| Transfers recognised - capital | 362 027 | - | - | - | - | 362 027 | 377 912 | - | (15 884) | 104% | 104% | - | - | - | - |
| Internally generated funds | 54 108 | - | - | - | (7 120) | 46 988 | 54 108 | - | (7 120) | 115% | 100% | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 832 271 | - | 416 135 | - | (19 648) | 812 623 | 649 401 | - | 163 222 | - | - | - | - | - | 189 562 |
| Taxation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus after taxation | 832 271 | - | 416 135 | - | (19 648) | 812 623 | 649 401 | - | 163 222 | - | - | - | - | - | 189 562 |
| Attributable to minorities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus attributable to municipality | 832 271 | - | 416 135 | - | (19 648) | 812 623 | 649 401 | - | 163 222 | - | - | - | - | - | 189 562 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus for the year | 832 271 | - | 416 135 | - | (19 648) | 812 623 | 649 401 | - | 163 222 | - | - | - | - | - | 189 562 |

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure) - GROUP

| Description | 2011/2012 | | | | | | | | | | | 2010/2011 | | | |
|--|------------------|---|--------------------------|--|---|------------------|------------------|--------------------------|----------------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (I.t.o. S28 and S31 of the MFMA) | Final adjustments budget | Shifting of funds (I.t.o. S31 of the MFMA) | Virement (I.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Revenue By Source | | | | | | | | | | | | | | | |
| Service charges - water revenue | 66 164 | - | 66 164 | - | - | 66 164 | 99 732 | - | (33 568) | 151% | 151% | - | - | - | 70 496 |
| Service charges - sanitation revenue | 59 665 | - | 59 665 | - | - | 59 665 | 69 772 | - | (10 107) | 117% | 117% | - | - | - | 43 402 |
| Service charges - other | 1 922 | - | 1 922 | - | - | 1 922 | 3 142 | - | (1 220) | 163% | 163% | - | - | - | 1 851 |
| Rental of facilities and equipment | 255 | - | 255 | - | - | 255 | 311 | - | (57) | 122% | 122% | - | - | - | 269 |
| Interest earned - external investments | 20 479 | 395 | 20 874 | - | - | 20 874 | 38 978 | - | (18 104) | 187% | 190% | - | - | - | 40 141 |
| Interest earned - outstanding debtors | - | - | - | - | - | - | 27 187 | - | (27 187) | 100% | 100% | - | - | - | 22 839 |
| Fines | 10 | - | 10 | - | - | 10 | - | - | 10 | 0% | 0% | - | - | - | - |
| Transfers recognised - operational | 659 885 | 16 007 | 675 892 | - | - | 675 892 | 950 874 | - | (274 982) | 141% | 144% | - | - | - | - |
| Other revenue | 601 522 | 182 463 | 783 985 | - | - | 783 985 | 48 999 | - | 734 986 | 6% | 8% | - | - | - | 44 246 |
| Gains on disposal of PPE | - | - | - | - | - | - | - | - | - | 100% | 100% | - | - | - | 321 |
| Total Revenue | 1 409 903 | 198 865 | 1 608 768 | - | - | 1 608 768 | 1 238 997 | - | 369 771 | - | - | - | - | - | 1 022 208 |
| Expenditure By Type | | | | | | | | | | | | | | | |
| Employee related costs | 335 651 | (14) | 335 637 | - | - | 335 637 | 320 204 | - | 15 434 | 95% | 95% | - | - | - | 248 389 |
| Remuneration of councillors | 13 390 | - | 13 390 | - | - | 13 390 | 10 885 | - | 2 506 | 81% | 81% | - | - | - | 11 307 |
| Debt impairment | 66 260 | - | 66 260 | - | - | 66 260 | 106 664 | - | (40 403) | 161% | 161% | - | - | - | 91 901 |
| Depreciation & asset impairment | 84 377 | 78 | 84 454 | - | - | 84 454 | 88 856 | - | (4 402) | 105% | 105% | - | - | - | 76 608 |
| Finance charges | 118 | - | 118 | - | - | 118 | 419 | - | (301) | 355% | 355% | - | - | - | 194 |
| Bulk purchases | 60 481 | - | 60 481 | - | - | 60 481 | 45 859 | - | 14 622 | 76% | 76% | - | - | - | 37 980 |
| Contracted services | 55 800 | - | 55 800 | - | (2 015) | 53 784 | 53 784 | - | 0 | 100% | 96% | - | - | - | 48 136 |
| Transfers and grants | 116 663 | 22 302 | 138 965 | - | - | 138 965 | 82 837 | - | 56 128 | 60% | 71% | - | - | - | 1 967 |
| Other expenditure | 272 861 | 176 603 | 449 464 | - | 2 015 | 451 480 | 314 326 | - | 137 153 | 70% | 115% | - | - | - | 316 164 |
| Loss on disposal of PPE | - | - | - | - | - | - | - | - | - | 0% | 0% | - | - | - | - |
| Total Expenditure | 1 005 602 | 198 969 | 1 204 571 | - | - | 1 204 571 | 1 023 834 | - | 180 737 | - | 0 | - | - | - | 832 646 |
| Surplus/(Deficit) | 404 301 | (104) | 404 197 | - | - | 404 197 | 215 163 | - | 189 034 | - | (0) | - | - | - | 189 562 |
| Transfers recognised - capital | 362 027 | - | - | - | - | 362 027 | 377 912 | - | (15 884) | 104% | 104% | - | - | - | - |
| Internally generated funds | 54 108 | - | - | - | (7 120) | 46 988 | 54 108 | - | (7 120) | 115% | 100% | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 820 436 | (104) | 404 197 | - | (7 120) | 813 212 | 647 183 | - | 166 029 | - | - | - | - | - | 189 562 |
| Taxation | - | - | - | - | - | - | (85) | - | - | - | - | - | - | - | - |
| Surplus after taxation | 820 436 | (104) | 404 197 | - | (7 120) | 813 212 | 647 097 | - | 166 029 | - | - | - | - | - | 189 562 |
| Attributable to minorities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus attributable to municipality | 820 436 | (104) | 404 197 | - | (7 120) | 813 212 | 647 097 | - | 166 029 | - | - | - | - | - | 189 562 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus for the year | 820 436 | (104) | 404 197 | - | (7 120) | 813 212 | 647 097 | - | 166 029 | - | - | - | - | - | 189 562 |

ANNEXURE 2
AMATHOLE DISTRICT MUNICIPALITY AND GROUP
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description R thousand | 2011/2012 | | | | | | | | | | | 2010/2011 | | | |
|--|-----------------|---|--------------------------|--|---|----------------|----------------|--------------------------|----------------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Capital expenditure - Vote | | | | | | | | | | | | | | | |
| Multi-year expenditure | | | | | | | | | | | | | | | |
| Vote 8 - Engineering Department | 332 203 | – | 332 203 | – | – | 332 203 | – | – | 332 203 | 0% | 0% | – | – | – | – |
| Vote 11 - Land Human Settlements & Eco Development | 29 825 | – | 29 825 | – | – | 29 825 | – | – | 29 825 | 0% | 0% | – | – | – | – |
| Capital multi-year expenditure sub-total | 362 027 | – | 362 027 | – | – | 362 027 | – | – | 362 027 | – | – | – | – | – | – |
| Single-year expenditure | | | | | | | | | | | | | | | |
| Vote 2 - Executive & Council | 447 | – | 447 | – | – | 447 | 99 | – | 348 | 22% | 22% | – | – | – | 795 |
| Vote 4 - Strategic Management | 2 219 | – | 2 219 | – | – | 2 219 | 1 963 | – | 256 | 88% | 88% | – | – | – | 1 336 |
| Vote 5 - Corporate Services | 1 771 | – | 1 771 | – | – | 1 771 | 1 552 | – | 218 | 88% | 88% | – | – | – | 1 557 |
| Vote 6 - Budget & Treasury | 1 265 | – | 1 265 | – | – | 1 265 | 1 050 | – | 215 | 83% | 83% | – | – | – | 923 |
| Vote 8 - Engineering Department | 1 439 | – | 1 439 | – | – | 1 439 | 1 132 | – | 308 | 79% | 79% | – | – | – | 1 291 |
| Vote 9 - Health & Protection Department | 8 819 | – | 8 819 | – | 0 | 8 819 | 6 167 | – | 2 652 | 70% | 70% | – | – | – | 1 206 |
| Vote 10 - O&m Water And Sanitation | 36 349 | – | 36 349 | – | (7 120) | 29 229 | 22 339 | – | 6 890 | 76% | 61% | – | – | – | 29 706 |
| Vote 11 - Land Human Settlements & Eco Development | 1 113 | – | 1 113 | – | (0) | 1 112 | 928 | – | 184 | 83% | 83% | – | – | – | 443 |
| Vote 12 - Municipal Management | 687 | – | 687 | – | – | 687 | 434 | – | 253 | 63% | 63% | – | – | – | 133 |
| Vote 14 - Amathole Economic Development Agency | 161 | – | 161 | – | – | 161 | 96 | – | 65 | 60% | 60% | – | – | – | – |
| Capital single-year expenditure sub-total | 54 269 | – | 54 269 | – | (7 120) | 47 148 | 35 760 | – | 11 388 | – | – | – | – | – | 37 388 |
| Total Capital Expenditure - Vote | 416 296 | – | 416 296 | – | (7 120) | 409 176 | 35 760 | – | 373 415 | – | – | – | – | – | 37 388 |
| Capital Expenditure - Standard | | | | | | | | | | | | | | | |
| Governance and administration | 338 258 | – | 338 258 | – | – | 338 258 | – | – | 338 258 | – | – | – | – | – | 5 151 |
| Executive and council | 334 082 | – | 334 082 | – | – | 334 082 | – | – | 334 082 | 0% | 0% | – | – | – | 2 024 |
| Budget and treasury office | 1 265 | – | 1 265 | – | – | 1 265 | – | – | 1 265 | 0% | 0% | – | – | – | 923 |
| Corporate services | 2 911 | – | 2 911 | – | – | 2 911 | – | – | 2 911 | 0% | 0% | – | – | – | 2 204 |
| Community and public safety | 9 057 | – | 9 057 | – | – | 9 057 | – | – | 9 057 | – | – | – | – | – | 1 240 |
| Public safety | 6 594 | – | 6 594 | – | – | 6 594 | – | – | 6 594 | 0% | 0% | – | – | – | 111 |
| Housing | 238 | – | 238 | – | – | 238 | – | – | 238 | 0% | 0% | – | – | – | 35 |
| Health | 2 225 | – | 2 225 | – | – | 2 225 | – | – | 2 225 | 0% | 0% | – | – | – | 1 095 |
| Economic and environmental services | 31 951 | – | 31 951 | – | – | 31 951 | – | – | 31 951 | – | – | – | – | – | 846 |
| Planning and development | 31 951 | – | 31 951 | – | – | 31 951 | – | – | 31 951 | 0% | 0% | – | – | – | 846 |
| Trading services | 37 031 | – | 37 031 | – | – | 37 031 | – | – | 37 031 | – | – | – | – | – | 30 150 |
| Water | 32 535 | – | 32 535 | – | – | 32 535 | – | – | 32 535 | 0% | 0% | – | – | – | 28 145 |
| Waste water management | 4 496 | – | 4 496 | – | – | 4 496 | – | – | 4 496 | 0% | 0% | – | – | – | 2 005 |
| Other | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Total Capital Expenditure - Standard | 416 296 | – | 416 296 | – | – | 416 296 | – | – | 416 296 | – | – | – | – | – | 37 388 |
| Funded by: | | | | | | | | | | | | | | | |
| National Government | 362 027 | – | 362 027 | – | – | 362 027 | – | – | 362 027 | 0% | 0% | – | – | – | – |
| Transfers recognised - capital | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Public contributions & donations | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Borrowing | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Internally generated funds | 54 269 | – | 54 269 | – | (7 120) | 47 148 | – | – | 47 148 | 0% | 0% | – | – | – | 37 388 |
| Total Capital Funding | 416 296 | – | 416 296 | – | (7 120) | 409 176 | – | – | 409 176 | – | – | – | – | – | 37 388 |

ANNEXURE 2
AMATHOLE DISTRICT MUNICIPALITY AND GROUP
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Reconciliation of Table A7 Budgeted Cash Flows

| Description R thousand | 2011/2012 | | | | | | | | 2010/2011 |
|--|-----------------|---------------------------------|--------------------------|--------------|----------------|-------------|-------------------------------------|--|-----------------|
| | Original Budget | Budget Adjustments (i.t.o. s28) | Final adjustments budget | Final Budget | Actual Outcome | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Audited Outcome |
| | 1 | 2 | 3 | 6 | 7 | 9 | 10 | 11 | 12 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | (868 104) | 181 348 | (686 756) | (686 756) | 1 060 908 | (1 747 664) | - | - | 926 742 |
| Ratepayers and other | (303 740) | 182 471 | (121 269) | (121 269) | 72 544 | (193 813) | -60% | -24% | 71 606 |
| Grants | | | - | - | 923 230 | (923 230) | 100% | 100% | 792 156 |
| Government - operating | (544 364) | (1 123) | (545 487) | (545 487) | - | (545 487) | 0% | 0% | - |
| Interest | (20 000) | | (20 000) | (20 000) | 65 134 | (85 134) | 100% | 100% | 62 981 |
| Dividends | | | - | - | - | | | | - |
| Payments | 595 208 | 181 348 | 595 208 | 595 208 | (652 126) | 1 247 335 | 0 | 0 | (660 511) |
| Suppliers and employees | 595 208 | | 595 208 | 595 208 | (651 757) | 1 246 965 | -110% | -110% | (658 350) |
| Finance charges | | | | | (115) | 115 | 100% | 100% | (194) |
| Other | - | 181 348 | | | (254) | 254 | 100% | 100% | (1 967) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | (272 896) | 362 695 | (91 548) | (91 548) | 408 781 | (500 329) | 0 | 0 | 266 231 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | - | - | - | - | (3 442) | 3 442 | 0 | 0 | 224 852 |
| Proceeds on disposal of PPE | - | - | - | - | 1 518 | (1 518) | 100% | 100% | 221 691 |
| Decrease (Increase) in non-current debtors | | | | | (40) | 40 | 100% | 100% | (115) |
| Decrease (Increase) in financial assets | - | - | - | - | (4 920) | 4 920 | 100% | 100% | 3 277 |
| Payments | 54 108 | - | 54 108 | 54 108 | (350 669) | 404 778 | (0) | (0) | (479 762) |
| Capital assets | 54 108 | | 54 108 | 54 108 | (350 669) | 404 778 | -648% | -648% | (479 762) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | 54 108 | - | 54 108 | 54 108 | (354 111) | 408 219 | (0) | (0) | (254 910) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | - | - | - | - | (98) | 98 | - | - | 626 |
| Borrowing long term/refinancing | - | - | - | - | (271) | 271 | 100% | 100% | 425 |
| Increase (decrease) in consumer deposits | - | - | - | - | 173 | (173) | 100% | 100% | 201 |
| Payments | - | - | - | - | - | - | 0 | 0 | - |
| Repayment of borrowing | - | - | - | - | - | - | 100% | 100% | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | - | - | - | - | (98) | 98 | | | 626 |
| NET INCREASE/ (DECREASE) IN CASH HELD | (218 787) | 362 695 | (37 440) | (37 440) | 54 572 | (92 012) | (0) | (0) | 11 948 |
| Cash/cash equivalents at the year begin: | 378 453 | | (760 505) | (760 505) | 291 721 | (1 052 226) | -38% | 77% | 279 773 |
| Cash/cash equivalents at the year end: | 597 240 | | (797 945) | (797 945) | 346 293 | (1 144 238) | -43% | 58% | 291 721 |